DEBATES

OF

THE SENATE

OF THE

DOMINION OF CANADA

1938

OFFICIAL REPORT

Editor: DAVID J. HALPIN
Reporters: H. H. EMERSON, B. P. LAKE, F. BERRYMAN
Reserve Reporter: THOS. BENGOUGH
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THIRD SESSION—EIGHTEENTH PARLIAMENT—2 GEORGE VI

OTTAWA
J. O. PATENAUDE, I.S.O.
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1938

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SENATORS OF CANADA

ACCORDING TO SENIORITY

JULY 1, 1938

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

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
RAOUL DANDURAND, P.C.	De Lorimier	Montreal, Que.
JOSEPH P. B. CASGRAIN	De Lanaudière	Montreal, Que.
JOSEPH M. WILSON	Sorel	Montreal, Que.
RUFUS HENRY POPE	Bedford	Cookshire, Que.
GEORGE GORDON	Nipissing	North Bay, Ont.
ERNEST D. SMITH	Wentworth	Winona, Ont.
JAMES J. DONNELLY	South Bruce	Pinkerton, Ont.
CHARLES PHILIPPE BEAUBIEN	Montarville	Montreal, Que.
JOHN STEWART McLENNAN	Sydney	Sydney, N.S.
WILLIAM HENRY SHARPE	Manitou	Manitou, Man.
GEORGE LYNCH-STAUNTON	Hamilton	Hamilton, Ont.
CHARLES E. TANNER	Pictou	Pictou, N.S.
THOMAS JEAN BOURQUE	Richibucto	Richibucto, N.B.
HENRY W. LAIRD	Regina	Regina, Sask.
LENDRUM McMEANS	Winnipeg	Winnipeg, Man.
DAVID OVIDE L'ESPÉRANCE	Gulf	Quebec, Que.
GEORGE HENRY BARNARD	Victoria	Victoria, B.C.
JAMES DAVIS TAYLOR	New Westminster	New Westminster, B.C.
EDWARD MICHENER	Red Deer	Calgary, Alta.
WILLIAM JAMES HARMER	Edmonton	Edmonton, Alta.
PIERRE EDOUARD BLONDIN, P.C.	Laurentides	St. François du Lac, Que.
GERALD VERNER WHITE	Pembroke	Pembroke, Ont.
SIR THOMAS CHAPAIS, K.B.	Grandville	Quebec, Que.
LORNE C. WEBSTER	Stadacona	Montreal, Que.
JOHN ANTHONY McDONALD	Shediac	Shediac, N.B.
WILLIAM A. GRIESBACH, C.B., C.M.G.	Edmonton	Edmonton, Alta.

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SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
JAMES A. CALDER, P.C.	Saltcoats	Regina, Sask.
ROBERT F. GREEN	Kootenay	Victoria, B.C.
ARCHIBALD B. GILLIS	Saskatchewan	Whitewood, Sask.
ARCHIBALD H. MACDONELL, C.M.G.	South Toronto	Toronto, Ont.
FRANK B. BLACK	Westmorland	Sackville, N.B.
ARTHUR C. HARDY, P.C.	Leeds	Brockville, Ont.
ONÉSIPHORE TURGEON	Gloucester	Bathurst, N.B.
SIR ALLEN BRISTOL AYLESWORTH, P.C., K.C.M.G.	North York	Toronto, Ont.
CLIFFORD W. ROBINSON	Moncton	Moncton, N.B.
JAMES JOSEPH HUGHES	King's	Souris, P.E.I.
CREELMAN MACARTHUR	Prince	Summerside, P.E.I.
WILLIAM ASHBURY BUCHANAN	Lethbridge	Lethbridge, Alta.
ARTHUR BLISS COPP, P.C.	Westmorland	Sackville, N.B.
JOHN PATRICK MOLLOY	Provencher	Morris, Man.
DANIEL E. RILEY	High River	High River, Alta.
RT. HON. GEORGE P. GRAHAM, P.C.	Eganville	Brockville, Ont.
WILLIAM H. MCGUIRE	East York	Toronto, Ont.
DONAT RAYMOND	De la Vallière	Montreal, Que.
JAMES H. SPENCE	North Bruce	Toronto, Ont.
EDGAR S. LITTLE	London	London, Ont.
GUSTAVE LACASSE	Essex	Tecumseh, Ont.
HENRY HERBERT HORSEY	Prince Edward	Cressy, Ont.
WALTER E. FOSTER, P.C. (Speaker)	Saint John	Saint John, N.B.
HANCE J. LOGAN	Cumberland	Parrsboro, N.S.
CAIRINE R. WILSON	Rockcliffe	Ottawa, Ont.
JAMES MURDOCK, P.C.	Parkdale	Ottawa, Ont.
GEORGES PARENT	Kennebec	Quebec, Que.
JULES-EDOUARD PRÉVOST	Mille Iles	St. Jérôme, Que.
JOHN EWEN SINCLAIR, P.C.	Queen's	Emerald, P.E.I.
JAMES H. KING, P.C.	Kootenay East	Victoria, B.C.
ARTHUR MARCOTTE	Ponteix	Ponteix, Sask.
ALEXANDER D. MCRAE, C.B.	Vancouver	Vancouver, B.C.
RT. HON. ARTHUR MEIGHEN, P.C.	St. Mary's	Toronto, Ont.
CHARLES COLQUHOUN BALLANTYNE, P.C.	Alma	Montreal, Que.
WILLIAM HENRY DENNIS	Halifax	Halifax, N.S.
JOHN ALEXANDER MACDONALD	Richmond—West Cape Breton	St. Peters, Cape Breton, N.S.

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
JOSEPH H. RAINVILLE	Repentigny	St. Lambert, Que.
ALBERT J. BROWN	Wellington	Montreal, Que.
GUILLAUME ANDRÉ FAUTEUX, P.C.	De Salaberry	Outremont, Que.
LUCIEN MORAUD	La Salle	Quebec, Que.
LOUIS COTÉ	Ottawa East	Ottawa, Ont.
RALPH BYRON HORNER	Saskatchewan North	Blaine Lake, Sask.
WALTER MORLEY ASELTINE	West Central Saskatchewan	Rosetown, Sask.
EDGAR N. RHODES, P.C.	Amherst	Amherst, N.S.
THOMAS CANTLEY	New Glasgow	New Glasgow, N.S.
FELIX P. QUINN	Bedford-Halifax	Bedford, N.S.
JOHN L. P. ROBICHEAU	Digby-Clare	Maxwellton, N.S.
JOHN A. MACDONALD, P.C.	Cardigan	Cardigan, P.E.I.
DONALD SUTHERLAND, P.C.	Oxford	Ingersoll, Ont.
IVA CAMPBELL FALLIS	Peterborough	R.R. No. 3, Peterborough, Ont.
GEORGE B. JONES, P.C.	Royal	Apohaqui, N.B.
ARTHUR SAUVÉ, P.C.	Rigaud	Saint Eustache, Que.
ANTOINE J. LÉGER	L'Acadie	Moncton, N.B.
BENJAMIN F. SMITH	Victoria-Carleton	East Florenceville, N.B.
HENRY A. MULLINS	Marquette	Winnipeg, Man.
JOHN T. HAIG	Winnipeg South-Centre	Winnipeg, Man.
EUGÈNE PAQUET	Lauzon	St. Romuald, Que.
CHARLES BOURGEOIS	Shawinigan	Three Rivers, Que.
FRANK P. O'CONNOR	Scarboro Junction	Toronto, Ont.
WILLIAM DUFF	Lunenburg	Lunenburg, N.S.
JOHN W. DE B. FARRIS	Vancouver South	Vancouver, B.C.
ADRIAN K. HUGESSEN	Inkerman	Montreal, Que.
NORMAN P. LAMBERT	Ottawa	Ottawa, Ont.
DUNCAN McL. MARSHALL	Peel	Toronto, Ont.

SENATORS OF CANADA

ALPHABETICAL LIST

JULY 1, 1938

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
ASELTINE, W. M.	West Central Saskatchewan	Rosetown, Sask.
AYLESWORTH, SIR ALLEN, P.C., K.C.M.G.	North York	Toronto, Ont.
BALLANTYNE, C. C., P.C.	Alma	Montreal, Que.
BARNARD, G. H.	Victoria	Victoria, B.C.
BEAUBIEN, C. P.	Montarville	Montreal, Que.
BLACK, F. B.	Westmorland	Sackville, N.B.
BLONDIN, P. E., P.C.	Laurentides	St. François du Lac, Que.
BOURGEOIS, CHARLES	Shawinigan	Three Rivers, Que.
BOURQUE, T. J.	Richibucto	Richibucto, N.B.
BROWN, A. J.	Wellington	Montreal, Que.
BUCHANAN, W. A.	Lethbridge	Lethbridge, Alta.
CALDER, J. A., P.C.	Saltcoats	Regina, Sask.
CANTLEY, THOMAS	New Glasgow	New Glasgow, N.S.
CASGRAIN, J. P. B.	De Lanaudière	Montreal, Que.
CHAPAIS, SIR THOMAS, K.B.	Grandville	Quebec, Que.
COPP, A. B., P.C.	Westmorland	Sackville, N.B.
COTÉ, L.	Ottawa, East	Ottawa, Ont.
DANDURAND, R., P.C.	De Lorimier	Montreal, Que.
DENNIS, W. H.	Halifax	Halifax, N.S.
DONNELLY, J. J.	South Bruce	Pinkerton, Ont.
DUFF WILLIAM	Lunenburg	Lunenburg, N.S.
FALLIS, IVA CAMPBELL	Peterborough	R. R. No. 3, Peterborough. Ont.
FARRIS, J. W. DEB	Vancouver South	Vancouver, B.C.
FAUTEUX, G. A., P.C.	De Salaberry	Outrement, Que.
FOSTER, W. E., P.C. (Speaker)	Saint John	Saint John, N.B.
GILLIS, A. B.	Saskatchewan	Whitewood, Sask.
GORDON, G.	Nipissing	North Bay, Ont.
GRAHAM, RT. HON. GEO. P., P.C.	Eganville	Brockville, Ont.
GREEN, R. F.	Kootenay	Victoria, B. C.

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
GRIESBACH, W. A., C.B., C.M.G.	Edmonton	Edmonton, Alta.
HAIG, JOHN T.	Winnipeg South-Centre	Winnipeg, Man.
HARDY, A. C., P.C.	Leeds	Brockville, Ont.
HARMER, W. J.	Edmonton	Edmonton, Alta.
HORNER, R. B.	Saskatchewan North	Blaine Lake, Sask.
HORSEY, H. H.	Prince Edward	Cressy, Ont.
HUGESSEN, A. K.	Inkerman	Montreal, Que.
HUGHES, J. J.	King's	Souris, P. E. I.
JONES, GEORGE B., P.C.	Royal	Apohaqui, N.B.
KING, J. H., P.C.	Kootenay East	Victoria, B. C.
LACASSE, G.	Essex	Tecumseh, Ont.
LAIRD, H. W.	Regina	Regina, Sask.
LAMBERT, NORMAN P.	Ottawa	Ottawa, Ont.
LÉGER, ANTOINE J.	L'Acadie	Moncton, N.B.
L'ESPÉRANCE, D. O.	Gulf	Quebec, Que.
LITTLE, E. S.	London	London, Ont.
LOGAN, H. J.	Cumberland	Parrsboro, N.S.
LYNCH-STAUNTON, G.	Hamilton	Hamilton, Ont.
MACARTHUR, C.	Prince	Summerside, P.E.I.
MACDONALD, J. A.	Richmond—West Cape Breton	St. Peters, Cape Breton, N.S.
MACDONALD, JOHN A., P.C.	Cardigan	Cardigan, P.E.I.
MACDONELL, A. H., C.M.G.	Toronto, South	Toronto, Ont.
MARCOTTE, A.	Ponteix	Ponteix, Sask.
MARSHALL, DUNCAN McL.	Peel	Toronto, Ont.
McDONALD, J. A.	Shediac	Shediac, N.B.
McGUIRE, W. H.	East York	Toronto, Ont.
McLENNAN, J. S.	Sydney	Sydney, N.S.
McMEANS, L.	Winnipeg	Winnipeg, Man.
McRAE, A. D., C.B.	Vancouver	Vancouver, B.C.
MEIGHEN, RT. HON. ARTHUR, P.C.	St. Mary's	Toronto, Ont.
MICHENER, E.	Red Deer	Calgary, Alta.
MOLLOY, J. P.	Provencher	Morris, Man.
MORAUD, L.	La Salle	Quebec, Que.
MULLINS, Henry A.	Marquette	Winnipeg, Man.
MURDOCK, JAMES, P.C.	Parkdale	Ottawa, Ont.
O'CONNOR, FRANK P.	Scarboro Junction	Toronto, Ont.
PAQUET, EUGÈNE	Lauzon	St. Romuald, Que.

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
PARENT, G.	Kennebec	Quebec, Que.
POPE, R. H.	Bedford	Cookshire, Que.
PRÉVOST, J. E.	Mille Iles	St. Jérôme, Que.
QUINN, Felix P.	Bedford-Halifax	Bedford, N.S.
RAINVILLE, J. H.	Repentigny	St. Lambert, Que.
RAYMOND, D.	De la Vallière	Montreal, Que.
RHODES, EDGAR N., P.C.	Amherst	Amherst, N.S.
RILEY, D. E.	High River	High River, Alta.
ROBICHEAU, J. L. P.	Digby-Clare	Maxwellton, N.S.
ROBINSON, C. W.	Moncton	Moncton, N.B.
SAUVÉ, ARTHUR, P.C.	Rigaud	Saint Eustache, Que.
SHARPE, W. H.	Manitou	Manitou, Man.
SINCLAIR, J. E., P.C.	Queen's	Emerald, P.E.I.
SMITH, B. F.	Victoria-Carleton	East Florenceville, N.B.
SMITH, E. D.	Wentworth	Winona, Ont.
SPENCE, J. H.	North Bruce	Toronto, Ont.
SUTHERLAND, DONALD, P.C.	Oxford	Ingersoll, Ont.
TANNER, C. E.	Pictou	Pictou, N.S.
TAYLOR, J. D.	New Westminster	New Westminster, B.C.
TURGEON, O.	Gloucester	Bathurst, N.B.
WEBSTER, L. C.	Stadacona	Montreal, Que.
WHITE, G. V.	Pembroke	Pembroke, Ont.
WILSON, Cairine R.	Rockcliffe	Ottawa, Ont.
WILSON, J. M.	Sorel	Montreal, Que.

SENATORS OF CANADA

BY PROVINCES

JULY 1, 1938

ONTARIO—24

	SENATORS	POST OFFICE ADDRESS
	THE HONOURABLE	
1	GEORGE GORDON	North Bay.
2	ERNEST D. SMITH	Winona.
3	JAMES J. DONNELLY	Pinkerton.
4	GEORGE LYNCH-STAUNTON	Hamilton.
5	GERALD VERNER WHITE	Pembroke.
6	ARCHIBALD H. MACDONELL, C.M.G.	Toronto.
7	ARTHUR C. HARDY, P.C.	Brockville.
8	SIR ALLEN BRISTOL AYLESWORTH, P.C., K.C.M.G.	Toronto.
9	RT. HON. GEORGE P. GRAHAM, P.C.	Brockville.
10	WILLIAM H. MCGUIRE	Toronto.
11	JAMES H. SPENCE	Toronto.
12	EDGAR S. LITTLE	London.
13	GUSTAVE LACASSE	Tecumseh.
14	HENRY H. HORSEY	Cressy.
15	CAIRINE R. WILSON	Ottawa.
16	JAMES MURDOCK, P.C.	Ottawa.
17	RT. HON. ARTHUR MEIGHEN, P.C.	Toronto.
18	LOUIS COTÉ	Ottawa.
19	DONALD SUTHERLAND, P.C.	Ingersoll.
20	IVA CAMPBELL FALLIS	R.R. No. 3, Peterborough.
21	FRANK P. O'CONNOR	Toronto.
22	NORMAN P. LAMBERT	Ottawa.
23	DUNCAN MCL. MARSHALL	Toronto.
24		

QUEBEC—24

	SENATORS	ELECTORAL DIVISION	POST OFFICE ADDRESS
	THE HONOURABLE		
1	RAOUL DANDURAND, P.C.	De Lorimier	Montreal.
2	JOSEPH P. B. CASGRAIN	De Lanaudière	Montreal.
3	JOSEPH M. WILSON	Sorel	Montreal.
4	RUFUS H. POPE	Bedford	Cookshire.
5	CHARLES PHILIPPE BEAUBIEN	Montarville	Montreal.
6	DAVID OVIDE L'ESPÉRANCE	Gulf	Quebec.
7	PIERRE EDOUARD BLONDIN, P.C.	Laurentides	St. François du Lac.
8	SIR THOMAS CHAPAIS, K.B.	Grandville	Quebec.
9	LORNE C. WEBSTER	Stadacona	Montreal.
10	DONAT RAYMOND	De la Vallière	Montreal.
11	GEORGES PARENT	Kennebec	Quebec.
12	JULES-EDOUARD PRÉVOST	Mille Iles	St. Jérôme.
13	CHARLES C. BALLANTYNE, P.C.	Alma	Montreal.
14	JOSEPH H. RAINVILLE	Repentigny	St. Lambert.
15	ALBERT J. BROWN	Wellington	Montreal.
16	GUILLAUME A. FAUTEUX, P.C.	De Salaberry	Outremont.
17	LUCIEN MORAUD	La Salle	Quebec.
18	ARTHUR SAUVÉ, P.C.	Rigaud	Saint Eustache.
19	EUGÈNE PAQUET	Lauzon	St. Romuald.
20	CHARLES BOURGEOIS	Shawinigan	Three Rivers.
21	ADRIAN K. HUGESSEN	Inkerman	Montreal.
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23	.....	.....	.....
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NOVA SCOTIA—10

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

NEW BRUNSWICK—10

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

PRINCE EDWARD ISLAND—4

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

BRITISH COLUMBIA—6

SENATORS	POST OFFICE ADDRESS
THE HONOURABLE	
1 GEORGE HENRY BARNARD	Victoria.
2 JAMES DAVIS TAYLOR	New Westminster.
3 ROBERT F. GREEN	Victoria.
4 JAMES H. KING, P.C.	Victoria.
5 ALEXANDER D. MCRAE, C.B.	Vancouver.
6 JOHN W. DEB. FARRIS	Vancouver.

MANITOBA—6

THE HONOURABLE	
1 WILLIAM H. SHARPE	Manitou.
2 LENDRUM MCMEANS	Winnipeg.
3 JOHN PATRICK MOLLOY	Morris.
4 HENRY A. MULLINS	Winnipeg.
5 JOHN T. HAIG	Winnipeg.
6	

SASKATCHEWAN—6

THE HONOURABLE	
1 HENRY W. LAIRD	Regina.
2 JAMES A. CALDER, P.C.	Regina.
3 ARCHIBALD B. GILLIS	Whitewood.
4 ARTHUR MARCOTTE	Ponteix.
5 RALPH B. HORNER	Blaine Lake.
6 WALTER M. ASELTINE	Rosetown.

ALBERTA—6

THE HONOURABLE	
1 EDWARD MICHENER	Calgary.
2 WILLIAM JAMES HARMER	Edmonton.
3 WILLIAM A. GRIESBACH, C.B., C.M.G.	Edmonton.
4 WILLIAM ASHBURY BUCHANAN	Lethbridge.
5 DANIEL E. RILEY	High River.
6	

CANADA

The Debates of the Senate

OFFICIAL REPORT

THE SENATE

Thursday, January 27, 1938.

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

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

Prayers.

OPENING OF THE SESSION

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

NEW SENATOR INTRODUCED

Hon. Norman Platt Lambert, of Ottawa, Ontario, introduced by Hon. Raoul Dandurand and Hon. H. H. Horsey.

The Senate adjourned during pleasure.

SPEECH FROM THE THRONE

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

Honourable Members of the Senate:

Members of the House of Commons:

It affords me much pleasure to greet you upon the resumption of your parliamentary duties.

The interval which has elapsed since the last session witnessed the Coronation, in the month of May, of Their Majesties King George the Sixth and Queen Elizabeth. The event was one of special significance to the nations of the British Commonwealth. In the Coronation service and ceremonial, recognition was given to the relationship between the Sovereign and his peoples in the several Dominions, as embodied in the Statute of Westminster.

Members of the Government participated in the deliberations of the Imperial Conference which followed immediately after the Coronation. The Summary of Proceedings of the Conference will be placed before you at an early date for your consideration. It is the belief of the Government that the opportunities afforded for the exchange of views and information on questions of common interest and concern, will serve to further the well-being of all parts of the Commonwealth.

It is gratifying to note that, during the past year, there has been a further substantial advance in Canada's economic recovery. Revenues have reached new levels. Trade with other countries has materially expanded. There has been a general increase in employment and a marked decrease in the numbers receiving unemployment aid.

The recurrence, in a more acute form, of drought conditions in certain areas of Western Canada has unfortunately made it necessary to provide assistance on an unprecedented scale. The Government intends to continue its activities under the Prairie Farm Rehabilitation Act.

In view of the success which has attended efforts to assist in the training of unemployed young people, it is proposed to extend the scheme during the coming year.

The Department of Agriculture has been reorganized and its services consolidated along lines designed to improve the standard and acceptability of Canadian farm products.

Arrangements are being completed for the inauguration of a national trans-Canada air service.

The National Employment Commission, the Royal Commission appointed to inquire into conditions in the Textile Industry, and the Commission appointed under the provisions of the Veterans' Assistance Commission Act, 1936, have concluded their duties. The reports of these commissions will be tabled in due course.

The strains and stresses, which economic and social developments since Confederation have placed upon Canada's governmental structure, have disclosed the necessity for adjustments which will enable it the more effectively to serve provincial and national needs, and to promote and preserve Canadian unity. My Ministers are of the opinion that, with exact and adequate information, it should be possible for the appropriate authorities to work out satisfactory solutions. As a first step towards this end, a Royal Commission of Inquiry has been appointed to re-examine the economic and financial basis of Confederation and the distribution of legislative powers in the light of the new conditions which have arisen in the past seventy years. The Commission has already held sittings in many parts of the Dominion.

The co-operation of the provinces has been sought with a view to an amendment of the British North America Act, which would empower the Parliament of Canada to enact forthwith a national scheme of unemployment insurance. My Ministers hope the proposal may meet with early approval, in order that unemployment insurance legislation may be enacted during the present session of Parliament.

Members of the House of Commons will be invited to consider the report of the Special Committee on Elections and Franchise Acts, and you will be asked to enact such legislation as may be necessary to implement such of the Committee's recommendations as meet with their approval.

A measure will be submitted to extend the authority of the Board of Railway Commissioners.

Legislation will be introduced with a view to furthering the principle of parliamentary control of the export of electrical power.

The international situation generally continues to give much ground for anxiety. My Ministers have endeavoured, as opportunity has afforded, to promote international understanding and good-will. They have sought to join the efforts of Canada to those of other countries which are seeking by co-operation and conciliation to effect a settlement of questions and issues which concern the world's peace.

The Administration has followed with deep interest the course of the negotiations being conducted with a view to the conclusion of a trade agreement between the United Kingdom and the United States of America. My Ministers are fully alive to the importance of these negotiations, and to Canada's interest in their outcome.

In August last, the Canadian Government approached the Government of the United States with a view to extending and revising the trade agreement concluded between them in 1935. Exploratory conversations followed which have resulted in efforts to effect a new agreement on a broad and comprehensive basis. It is hoped that negotiations may so progress as to render it possible to submit the new agreement to Parliament, for its consideration, during the present session.

With a number of other countries, adjustments have been made, during the past year, in our commercial relations in order to facilitate a wider exchange of commodities.

The Government is convinced that, in seeking to co-operate with the United Kingdom and other countries in efforts to promote international trade, it is pursuing one of the most effective means of ensuring economic security and progress in Canada, and the betterment of conditions in other parts of the world.

Members of the House of Commons:

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

Honourable Members of the Senate:

Members of the House of Commons:

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

The Hon. the SPEAKER.

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

The sitting of the Senate was resumed.

RAILWAY BILL

FIRST READING

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

CONSIDERATION OF HIS EXCELLENCY'S SPEECH

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

HIS MAJESTY'S ACCESSION TO THE THRONE

THE KING'S REPLY TO ADDRESS OF THE SENATE

The Hon. the SPEAKER: Honourable senators, I have the honour to present to the Senate the following message from His Majesty the King:

Buckingham Palace.

Members of the Senate and of the House of Commons of Canada:

I thank you most sincerely for the assurances of loyalty and support contained in the Address which you have presented to me upon the occasion of my Accession to the Throne. It is the dearest wish of The Queen and myself that our reign may be marked, under Divine Providence, by the blessings of peace and by a steady advancement in the welfare and prosperity of all our Peoples: and in our labours to this end we shall be strengthened and encouraged by the prayers and goodwill of the Canadian Parliament and People.

George R.I.

12th April, 1937.

THE CORONATION

THE KING'S REPLY TO ADDRESS OF THE SENATE

The Hon. the SPEAKER: Honourable members of the Senate, I have the honour to present a further message from His Majesty the King, in the following words:

Buckingham Palace.

Members of the Senate and of the House of Commons of Canada:

It is with feelings of deep gratitude that I acknowledge the message of loyalty and congratulation conveyed in your Address of the 10th April which was presented to me by my Prime Minister of Canada on the 11th May.

The assurances of loyalty and devotion addressed to us on that occasion will always be an encouragement to The Queen and myself in the performance of our high task.

We were glad to know that the Speakers of your two Houses were present at the solemn ceremony of our Coronation. The participation in that ceremony of representatives from our oversea Dominions fittingly marked the position of the Crown as symbolizing the unity and free association of the peoples of the British Commonwealth.

Throughout our reign it will be our constant aim to cherish and maintain, to the best of our powers, the heritage of justice, civil liberty, and ordered freedom which we have received from those who in past generations helped to build up this association of nations; and we rejoice to know that in our endeavours to promote, under Divine guidance, the welfare and happiness of our Peoples, we shall be supported by the prayers and affection of the people of Canada.

George R.I.

29th June, 1937.

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

THE SENATE

Tuesday, February 1, 1938.

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

Prayers and routine proceedings.

NEW SENATOR INTRODUCED

Hon. Duncan McLean Marshall, of Toronto, Ontario, introduced by Hon. Raoul Dandurand and Hon. A. C. Hardy.

COMMITTEE ON ORDERS AND PRIVILEGES

Hon. Mr. DANDURAND moved:

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

The motion was agreed to.

COMMITTEE OF SELECTION

Hon. Mr. DANDURAND moved:

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

The motion was agreed to.

TRIBUTES TO DECEASED SENATORS AND TO THE LATE SIR ROBERT BORDEN

Hon. RAOUL DANDURAND: Honourable senators, since we separated we have had to record the loss of three of our colleagues, the honourable senators Lemieux, Arthurs and Bénard.

It was my privilege to live near Senator Lemieux in Montreal. He had an exceptional career. During his student days he was actively interested in law, journalism and politics. In 1891, when twenty-five years of age, he was called to the Bar. Five years later, in 1896, having decided to enter Parliament, he sought a seat in the extreme easterly portion of the province, in Gaspé, where he had never set foot. He was returned by that riding, and for thirty-four years sat as a member of the House of Commons. Becoming a Minister of the Crown in 1904, he served in that capacity until 1911. In 1922 he was made Speaker of the House of Commons, a post that he occupied for two terms, and in 1930 he entered this Chamber.

During his parliamentary career Rodolphe Lemieux was at one time returned for both the ridings of Gaspé and Nicolet. He later represented the constituency of Rouville, and at another election was returned simultaneously in Gaspé and Maisonneuve. On one occasion when leaving for Gaspé, where a meeting was to be held a few days before the nominations, he said to me: "If there is no candidate in Nicolet I will try to carry that constituency." This he did. He liked the life of an active politician, and was always ready to mount the rostrum and address the people.

The late senator was a highly cultured man and a polished speaker in both the English and the French languages. He was also a writer. As a university professor he lectured on international law and the history of Canadian law. In 1918 he was elected President of the Royal Society of Canada.

His international activities were numerous. He was the first Canadian to become a member of l'Institut de France, succeeding Cardinal Mercier, of Belgium. This was a very great honour not only to the late Senator Lemieux, but to the whole of Canada. For a whole term the senator lectured on law at the Sorbonne, in Paris, and the people flocked to listen to him and to applaud him. In 1907 he was appointed special delegate to Japan to try to settle the question of Asiatic immigration to Canada, and in 1910 was Canada's representative at the inauguration of the Parliament of the Union of South Africa.

He obtained from the French Government the gift of the Vimy Plateau, where, beside the trenches they defended for years against the Germans, a splendid monument has been erected to the memory of Canadians who fell in the Great War. Not far from there lies the body of the senator's only son, who was killed in action in the last months of the War.

The senator leaves behind a beloved wife, the daughter of Sir Louis Jetté, one-time member of Parliament, Chief Justice of the Court of Appeals in the province of Quebec, and Lieutenant Governor of that province. During the senator's term as Speaker of the House of Commons, Madame Lemieux graciously played the role of hostess to the parliamentary representatives.

I know of few Canadians who have taken so important a part in the affairs of Canada as the late Senator Lemieux. He performed admirably all the functions he was called upon to perform.

I know less of the honourable Colonel Arthurs, because he was with us for but a short time. My right honourable friend who faces me (Right Hon. Mr. Meighen) had a much more intimate association with him and can speak of him with greater knowledge than I possess. Seven times Colonel Arthurs was returned to Parliament. He had the confidence of his community from 1908 to 1930. During the Great War he served at the front, having previously raised and commanded a regiment which he took to England. After the War his special interest, so far as I could follow his career from this end of the building, was the welfare of the returned soldiers. He served on all committees of the Commons which dealt with that subject, and gave all his attention to the betterment of conditions among returned men. Though he was with us, as I have said, but a short time, he won our friendship and esteem.

Senator Bénard was born in the Richelieu Valley, in Iberville County, in the province of Quebec. He had hardly passed his twentieth year when he heard and answered the call of the West. Settling in Manitoba, he became interested in financial ventures which must have brought him affluence, inasmuch as we find him the owner of 5,000 acres of farm land under constant cultivation, a large dairy farm stocked with 200 pure-bred cows, and a ranch with about 1,000 head of cattle. He served in the Legislative Assembly of Manitoba from 1907 to 1917, when he was summoned to the Senate. Being so much absorbed in his large interests in the West, he was not able to give as much time as he would have liked to the work of this Chamber. He was a genial companion and broad-minded citizen. His life is a proof to the young men of Eastern Canada that courage and perseverance bring success.

To the families of our departed colleagues we offer our whole-hearted sympathy.

Right Hon. ARTHUR MEIGHEN: Honourable senators, I am not sure that since I have been a member of this House we have opened a session whose first days were not saddened by the absence of tried and true and intimate associates who had passed away during the recess. This time there are three. To them tribute has just been paid by the honourable leader of the Government.

I shall refer first to him whom I knew first, as a political associate and personal friend in old days in Manitoba, Senator Aimé Bénard. In the third of my elections he was one of my constituents, but in earlier years when I was but an unknown student, he, though of the same age as myself, was already prominent in the political and business life of his province. Of French Canadian extraction, he had not the particular characteristics which are so pre-eminent in that race. His mind was of a practical turn; his ambitions were business ambitions. His scope of operations in his own field of activity was undoubtedly in his day the largest in the province of Manitoba, and among the largest in the entire Prairie West. He never did things in a small way. He had big ideas; his mind looked ahead to large achievements. His heart was in his farms and in his stock. He suffered the vicissitudes which all have had to undergo in that somewhat afflicted country, but nothing daunted his spirit, nothing weakened his determination, and never was he more hopeful or more active than in the last years of his life.

I never knew a man farther removed from racialism in its unfavourable sense than was Senator Aimé Bénard. He was beloved by both races; proud of his own, but generous to all.

Senator Arthurs entered the House of Commons in 1908, the same year that I had the honour of entering that House. His endowment of perseverance was doubtless greater than mine, greater than that of most men, for he remained there from that time until he was elevated to this House in 1934. He was one of those solid, substantial fellows with no high opinion of their own excellences. His greatest joy was to do the every-day work of life to the best of his ability, to be of help to those

nearest him—his family and his friends—and to live up to the best standards of a private citizen all the days of all the years.

When the War came upon us he raised a regiment in his district, having first suffered a very severe personal calamity. He went with his regiment to England, where, like many others, it was broken up. But, nothing daunted, he reverted to the ranks, went over to France as a captain and served there until 1917, by which time he had attained the rank of colonel. Since his return to Canada his dearest interest has been the care of those who, like himself, suffered on the fields of war. That he was quiet, unobtrusive, dependable, a really good Canadian—such is the tribute properly paid to Colonel Arthurs.

The last of our late members to whom I refer, the Hon. Rodolphe Lemieux, was a man who occupied a pretty large space in the recent history of this country. He was already very prominent in our public life when most of us were merely aspiring to take a humble part therein. He was distinctly gifted in those special talents in which, as I have always thought, those of his race excel. His tastes were for literature, for the fine arts, and particularly for the arts of speech, in which few could equal him. It is one thing to speak gracefully and forcefully in one's native tongue, but he who achieves like excellence in another tongue has my admiration, indeed my envy. Though many attain a measure of effectiveness, of skill, in two languages, few arrive at that stage which could be described as approaching perfection, complete command, as did Sir Wilfrid Laurier, who possibly is our most conspicuous example, and Hon. Rodolphe Lemieux. On no occasion did I ever hear Hon. Rodolphe Lemieux utter a sentence improperly constructed or one which was left blemished by the slightest flaw. His taste in literature was of the purest, his command of language was of the best. And he loved the thoughts of literature, and loved to discuss the writers of both great races, which writers no one knew better than he.

In politics he was an ardent partisan, active and energetic, who loved the fray. It is with some sadness that my mind goes back now to conflicts in the other House in which I bore a humble part and he a very conspicuous part. Many of his speeches come to my mind at this very moment.

Hon. Rodolphe Lemieux was a big figure in the public life of Canada. A reference to him should not be concluded without some mention of that great tragedy which robbed him of his only son. The boy insisted on serving his country when his country was in trial, and with the passing of that boy much went out from the spirit of Mr. Lemieux. It emptied his life of hope, of the source of strength in later years, of the elixir of age. The sympathies of all who knew him went out to him, and clung to him, and have been with him ever since, because of that great loss.

To the widows and families of those who are gone we extend our deepest sympathy.

I feel that I should like to make reference to-night to another loss which this country has sustained in the interval between our sessions—the passing of one who never was a member of this House, but who occupied so tremendous a place in our political history throughout the last three or four decades that I think it fitting something in the way of a special tribute should be paid his memory here. I refer, of course, to Sir Robert Borden.

I remember meeting Sir Robert soon after I had arrived at man's estate, hoping some day to be of some help in the task which then was his. Circumstances so turned out that I was able to occupy positions which enabled me to study the man and to know him in a way that fell to the lot of few others in our country.

Sir Robert Borden did not possess in outstanding degree the lighter but very valuable personal attributes which often give political influence as well as political success to men not endowed with those deeper and more solid and enduring qualities which in so large a measure belonged to him. He was a man of strength, of integrity of purpose, of powerful physique, of commanding intellectual force, a man with a stern and unchanging sense of duty, courageous both of mind and of heart.

It became his great task to guide this nation through the most difficult, certainly the heaviest, of all the years of its history. We often are told that times are strenuous and the task of public men severe. That is true. Never is there a period when the duties of leaders in public life are not onerous. But I cannot think that the time was before or has been since when responsibilities of leadership involved so much, and caused so fearful and appalling a strain, as during the years of that war. All those experiences were new. The tragedies which our people endured were necessarily reflected in the souls of our leaders. People were irritable, impatient. They seemed to be mired and unable to extricate themselves and find any direction ahead. Events crowded on events; grievances which always beset public men were multiplied; certainly they were more severe than one could conceive them to be at other times.

It was no wonder that in every country then at war governments fell and leaders disappeared. In this Dominion alone, of all countries engaged in the conflict, the statesman who was Leader of the Government when the War began was Leader when it ended. I know something of the strenuous months and years which he passed through. Many a night I went with him to his home and saw him as he suffered distresses in the nature of a Gethsemane until one, two or three o'clock in the morning; but I never knew his courage to fail. And I never knew any selfish interest to intervene. In fact, I can say without reservation that never at any time in my contact with him did I observe that he had the slightest interest in any credit which might accrue to himself, or any criticism which he might have to endure. These things became to him a matter of utter indifference. He knew that he had one high duty to perform, and with all the intensity of his nature he set himself to its discharge.

Sir Robert Borden had a lawyer's analytical mind, but he had the wider grasp and outlook of the business man as well. He was a lawyer of the first rank, a public servant of unimpeachable integrity and devotion, always constuctive, always creative. He was a big man, abundantly equipped. His talents were pre-eminently practical, but he possessed at the same time an ample and penetrating vision, and withal a tolerant mind and sympathetic heart. When he laid down the sceptre of office at the age of sixty-six he left behind him a record of intense toil and a volume of achievement rarely equalled among men. His place in history will loom larger as the decades pass.

Hon. RAOUL DANDURAND: Honourable senators, when I was speaking of the loss of our own colleagues it did not occur to me to refer to the demise of the former Prime Minister, Sir Robert Borden. But I had the honour of being the acting Premier when he died, and on that occasion I expressed publicly my regrets at his departure. I then stated that Sir Robert, whose career I had followed from the day he entered Parliament, had shone as a very bright light at the Bar of Nova Scotia. He stood there without a peer. And I noticed when he was leader of the Conservative party in the Commons that all his speeches were prepared with great care and left very few openings for his opponents.

He had as his opponent Sir Wilfrid Laurier, and for a number of years met defeat, but at last, in 1911, he came to power. I had frequent occasion to meet him socially and found him to be one of the most agreeable friends. I was Speaker of this Chamber from 1905 to 1910 and came into contact with him at functions where the leaders of both houses met under our roof. When he entered the House of Commons he was nearing the meridian of life, yet he studied assiduously to master the French language. I remember that often he would repair to the apartments of the Speaker of the Senate, where he found in the Speaker's wife a very good French teacher. When I lost my wife he told me in a long letter that he owed to her encouragement the persistence which he put into his study of French, for she had pointed out to him from time to time that half of his English vocabulary came from the French language. Thus our social relations were very close.

After his retirement from Parliament he became president of Barclay's Bank, and on his frequent visits to Montreal we would get together and dilate on past events. We would discuss, somewhat objectively, policies of his on which we had been sharply divided, and often we closed our discussions by agreeing still to disagree.

I noticed in his character a strong spirit of tolerance, a spirit which helped one to get on intimate terms with him. I mourn his loss, and I share with my right honourable friend opposite (Right Hon. Mr. Meighen) the desire he expressed that this House should bear testimony to the great qualities of the late Prime Minister of Canada, Sir Robert Borden.

Hon. JULES PREVOST (Translation): Honourable senators, I wish in my mother tongue, which was also his own, to pay a brief and last tribute of affection and mournful regret to our late colleague, Hon. Rodolphe Lemieux, one of the most distinguished men that the old province of Quebec ever gave to Canadian public life.

There is no higher praise to give Rodolphe Lemieux than an acknowledgment that his life, wholly devoted to study and to ever worthy public activities, may well be cited as an example to his fellow-citizens, especially to the younger men who hope some day to play a useful part, and wish to serve their country well.

Let our thoughts wander back to the past, and they will soon rise to the lofty sphere where Rodolphe Lemieux always stood. Born of plebeian stock, he was possessed of all their strong qualities. Through his own efforts, his personal merit, his solid character, his incessant labour, he came up to the top, and won in a brilliant fashion his titles of nobility, those which alone are worth while and

stand for something in our country; I mean the nobility of work, of mind, and of character.

As a member of the legal profession, university professor, lecturer, public speaker, writer, member of Parliament, Minister of the Crown, Speaker of the House of Commons, senator, director of large financial institutions, envoy entrusted with diplomatic missions, he was never inferior, but always equal to the tasks which he had to fulfil.

I shall repeat here that Rodolphe Lemieux thought, spoke, and wrote with such clearness, logic and warmth that all his thoughts, his words and his writings made up a harmonious and well-ordered whole in which each part was in its right place. And it was so, not only because he was possessed of talent, but because he was sincere, well informed, well read, and highly cultured.

Within the limited scope of these few observations, I do not intend to outline even briefly the fruitful career of Senator Lemieux. I should like to recall, however, that he, a staunch Liberal, had been schooled by Laurier, who himself had derived his political faith from Lafontaine and the renowned old leaders of the British Liberal party. That explains the broadness and extent of Rodolphe Lemieux's liberalism.

Though possessed of a very thorough and refined French culture, he was, like Laurier, imbued with the Liberal principles of the English school. He had, moreover, a well recognized conception of the moderating influence of British institutions. And the reason why he became one of our foremost parliamentarians is that he was impregnated with these British principles upon which our representative government and the Canadian Constitution are founded.

I also wish to add that Senator Lemieux, French Canadian to the core, without fear and without reproach, true to his nationality and to the best traditions of his race, was first of all a Canadian. His political mentality was profoundly Canadian. He looked upon, and loved, the whole Canadian land; he beheld the past, the present, and the future of this nation; he knew how to detect and was prone to advocate the rights and duties devolving upon every component part of the Canadian people.

That eminent man is no more. He reached the end of his course in this transitory life, and in the great beyond he will continue to live through all that was best in him.

The generation which preceded mine, and which is for those of my years like a connecting link with that of our fathers, is fast disappearing. During the seven years that I have been a member of this House, how many of our colleagues have passed away! The name of Rodolphe Lemieux is now added to the long list of those whom we had known in the early days of our public life, and who have passed on, one after the other, leaving many pleasant memories, but laying bare more and more the scenery of our youth, which is gradually fading away.

Honourable senators, let us bow respectfully before the grave wherein lies one of the last surviving men of a whole era, and of a long list of great Canadians.

When Laurier died, Rodolphe Lemieux uttered in the House of Commons these words, which I am applying to him to-day with a feeling that you will share with me:

> His spirit passed gently, serenely, as though midst the darkening shadows of life's falling night the faith of his forefathers had already revealed the gleam of dawn, presage of eternal day.

Hon. C. P. BEAUBIEN: Honourable senators, I join feelingly in the words of praise for the life, and deep regret for the demise, of Sir Robert Borden and of our departed colleagues.

In the name of a very old friendship, I wish to mark my special sorrow at the loss of Senator Lemieux. For forty years I had been consistently among his political opponents and, I confess, among those not the least violent. Perhaps, by reason of the past, the words of the present may be all the more appropriate. True it is that our old friendship survived many an acrimonious encounter on the public platform. This was due largely to the fact that even in the ardour of the fray Rodolphe Lemieux always was dignified in demeanour and courteous in language. Rarely, and only under extreme provocation, did he resort to personal invective, but when aroused he was a formidable foe. For many years he was Laurier's choice as leader and the spearhead of his shock troops in Quebec.

This House knew him when circumstances had wrought in him a measure of political detachment and, through a long tenure of the speakership in the Commons, a rather judicial consideration of controversies. It was also at a time when declining health had not only weighted his step and greatly reduced his activities, but also had mellowed and rendered even more attractive his genial personality. Happily his physical disabilities still permitted—but, I regret to say, more rarely as time sped on,—his remarkable debating ability to be displayed in this House. He had an easy, fluent style and a rare faculty of detecting the political importance of a question.

If with the years our colleague appeared less active, he continued to be an indefatigable worker. The outstanding quality of his rare make-up was, I should say, his determination and capacity for work. Although gifted with a remarkable personality and a brilliant and well-balanced mind, it was his untiring industry that made of him a journalist, a member of Parliament, a Minister of the Crown, a statesman and a great Speaker of the House of Commons. His unremitting energy kept him ploughing ahead, even after his political activity had ceased, and made of him the best professor of constitutional law that Quebec has ever produced and one of its most gifted lecturers. He read copiously and wrote constantly, and kept himself abreast of all events and "au fait" of the trend of literature, both in French and in English.

Our late colleague deserved and obtained many honours, some of which helped to enhance the renown of his native land. It was indeed a great tribute to Canada that he was selected to replace Cardinal Mercier as a member of the Institute of France. It was also a proud day for us when he delivered in the great hall of La Sorbonne a series of lectures on Canadian political history, which ranked with the very best the University of Paris had ever heard.

Outstanding for his untiring industry, for his achievements, but also for the dignity of his life, Lemieux will stand as a model for young men, particularly of my province. Truly Lemieux built, step by step, the ascending course of his career. Many young people in our day, who spend most of their time in lamenting the conditions in which they are constrained to live, and put all their hope in the overthrow of these conditions, might well ponder the lesson of courage, of industry, of dignity, that comes to them from Lemieux's life. His death has been a cruel blow to his family and to his friends, a real loss to his province and to his country. He was among the very few Canadians who were mourned not only in the Dominion but also in France and England.

I wish to associate myself whole-heartedly with the message of condolence so eloquently voiced by both leaders of this House.

Hon. O. TURGEON (Translation): Honourable senators, I hasten to express my admiration for the splendid tribute which, from both sides of this House, has just been paid to our departed colleagues and for the sympathy tendered to their families, in all of which I join most heartily.

The two senators from Ontario, Lieutenant-Colonel James Arthurs and the Hon. Horatio Hocken, were for many years my colleagues in the other House, and our relations were always most friendly. Lieutenant-Colonel Arthurs rendered great services during the World War, and we owe him our deep gratitude.

The honourable Senator Bénard, from Manitoba, and the honourable Senator Patrick Burns, from Alberta, also deserve the gratitude of their respective provinces for their generous contribution toward their progress.

I learnt with inexpressible grief of the demise of our colleague Senator Rodolphe Lemieux, one of Canada's most distinguished sons, and I take this opportunity to render him a tribute of affection, esteem and admiration, although I am indeed unable to express it according to his merit. At least my words surge from the bottom of my heart in reverence for the memory of a most devoted friend whose generous soul and powerful mind it was my privilege to know, whose eloquence could sway any audience, regardless of political affiliations. His eloquence and his wonderful learning were also appreciated outside Canada, and especially in France.

I shall not undertake to review all the successful results he achieved in his missions to the most remote countries, such as Japan, South Africa and others, and which some honourable senators have just recalled more fittingly than I could have done it. But I do wish to refer to his great merit in having obtained from the French Government the gift of Vimy Ridge, comprising 25 acres of land where lie the remains of our soldiers who fell during the War, and among them his only son.

Such a deed shall never be forgotten. That parcel of land on French soil is now wholly Canadian. He it was who signed the agreement on behalf of the Canadian Government.

In France, he was ever appreciated and admired not only for his eloquence, but also for his equally wonderful learning and for the valuable relations he was promoting between Canada and France.

In 1906, the Government of the French Republic made him a Knight of the Legion of Honour, and in 1924 the Vatican bestowed on him the title of Commander of Saint Gregory the Great.

Forty years have now elapsed since I first became acquainted with him, and from that time to his last moments he was to me as a devoted and generous brother, ever ready to help me with the problems of my constituency and my province, and especially on behalf of New Brunswick fishermen, a class

of people to whom he rendered similar services in his constituency of Gaspé, where his memory will ever be revered.

About his eloquence I may say that I very much admired his funeral oration on Sir Wilfrid Laurier, delivered in the House of Commons at the opening of the 1919 session. In 1928, I published a book entitled "Mes Mémoires—Un Tribut à la Race Acadienne," and in the interest of our French-speaking young people I deemed it proper to quote in part that speech, the concluding sentences of which I now wish to read:

> Farewell. Close to your resting place, amid maples and poplars, adorned by the coming spring with luxuriant foliage, we shall, many of us, congregate to pray in the tongue of your ancestors. The field wherein you lie, whose tender embrace you received, will be light to you. For it is part of that native land whose history is three centuries old and whose motherly womb will some day cover our meanness with its vastness and shroud our nothingness with its perennity. Adieu!

I would wish to bid him a similar farewell. Its eloquence always impresses me. But I cannot find fitting words, and I feel compelled to subdue my emotion. I must be content with tendering to his distinguished wife, to his noble daughter, who is a nun, to his brothers and to his whole family, my deepest sympathy and my admiration for their beloved departed one, whose memory will be in my heart until my last breath, along with the memory of Sir Wilfrid Laurier. They were two great Canadians who are now gone to their eternal reward.

HON. SENATOR DANDURAND

FELICITATIONS ON HIS FORTY YEARS' SERVICE IN THE SENATE

On the motion to adjourn:

Right Hon. GEORGE P. GRAHAM: Honourable senators, I do not wish to discuss the motion to adjourn, for undoubtedly I should be called to order by His Honour the Speaker. I agree with everything that has been said in respect to the lives and characters of the men who have gone from us. I think I am safe in saying that, apart from the late Sir Robert Borden, they were all my juniors.

But I have been asked to undertake a very pleasant task, which has to do entirely with the living. The honourable gentleman who sits to my left (Hon. Mr. Dandurand) has, we have been told, been in this House for forty years. Honourable members who have recently arrived here may wonder how he could keep up his accustomed pace for forty years. They must have noticed that he never starts; he is never at rest. Perhaps I may be excused if I say that his success in this Chamber might well be used as an argument by those who object to former members of other legislative chambers being appointed to the Senate. We do perhaps carry with us, for a time at least, the more intense political atmosphere of those arenas. Then, again, his success might be used as an argument for the appointing of young men to the Senate, it being often urged that older men like myself should not be placed in this Chamber.

I shall not attempt to give the life history of Hon. Senator Dandurand, for it is not yet half completed. He started out, like the rest of us, by being born—of course without his consent being first obtained. I often think that a well-ordered life resembles a winding staircase, with a landing ever and anon where the individual can stop for a rest and survey what he has accomplished. Hon. Senator Dandurand's birth might be considered as the first landing; the second would be the completion of his primary education, whereupon he doubtless looked back and wondered how he had got along so well; and the next would be the completion of his university course. I can imagine him looking back from the third landing and saying: "Well, I have conquered all obstacles so far. Where shall I go now?" Like many bright young men, he decided to take up law, but he does not seem to have made that his life-work. After having been called to the Bar he did what any sensible young man should do—he got married. I hope this will not be reported to our leaders in the Commons!

Some Hon. SENATORS: Oh, oh.

Right Hon. Mr. GRAHAM: Then he decided to enter public life, but, unlike some of us who perhaps were not so wise, he went in the easier way. I would not suggest for a moment that he objected to being appointed to the Senate. I never heard of a person doing that. At all events, he became a member of this House.

During the forty years that he has been here he has occupied all the leading positions the Senate has had to offer. In addition, he has represented the Government in Europe and elsewhere in various ways; he has also represented us at the League of Nations; and I think I can safely say there is no person in the Dominion of Canada who is more widely known than Senator Dandurand.

Some Hon. SENATORS: Hear, hear.

Right Hon. Mr. GRAHAM: I have been with him in France, in Switzerland and in England, and every person there seemed to know him, and know him intimately.

Now, I must be very brief. I want to point out that I think we should do well on this occasion to tender our felicitations to the Senate as well as to Hon. Senator Dandurand upon the fact that he has occupied so many prominent positions in this House, in this country and elsewhere, during the past forty years. He is to my mind the most energetic man I have ever met, and his speed does not seem to be lessened with the years. He has a mind that scintillates, a power of expression that keeps step with his mind, and a physique like that of a trained athlete. May Senator Dandurand long live to adorn the Senate!

Some Hon. SENATORS: Hear, hear.

Right Hon. Mr. GRAHAM: I have been asked to present a resolution, and I deem it a privilege and an honour to be permitted to move the following:

Resolved, that we his colleagues express our felicitations to the Hon. Senator Dandurand, and our appreciation of the valuable work he has accomplished on behalf of Canada, both in this country and abroad. As Speaker of the Senate and subsequently as leader in this House for the Government, which he so ably represents, he has been untiring in his devotion to the onerous tasks to which he has been assigned.

We wish specially to mention the great honour bestowed upon him, as a representative of Canada at the League of Nations, in his election as President of that body. The indefatigable efforts which he put forth while representing Canada in the Assembly of the League have brought about results tending toward the peace of the world and the betterment of conditions among all nations.

We desire to extend to him our sincere wishes for prolonged life and continued usefulness, not only at home, but also in the wider sphere of international relations, where he has brought honour to the Empire and to his native land.

Right Hon. ARTHUR MEIGHEN: Honourable members, it is with real pleasure, a pleasure which I shall prove to be unfeigned, that I second this resolution. One can harbour only a spirit of congratulation towards a man who has spent forty years in the Senate of Canada. I do not know whether this sets a new record or not, but in looking around me I feel that it will stand for a long time in the annals of this country. Who is there here who hopes to be present forty years from the date of his introduction into this Chamber?

But years count for little; achievement counts for much; and I doubt if any others, whether their time has been long or short, have done the volume of work accomplished by Senator Dandurand in the Senate. He was fortunate in coming here early. The right honourable senator from Eganville (Right Hon. Mr. Graham) has said he took the easy road. I do not know. The other road is hard enough, but, looking back twenty-five or thirty years, I think it would have been vastly more difficult for any of us to come by the path taken by Senator Dandurand. He must have possessed some latent virtue, some long credit early in his history, to enable him to advance to the envied post which he reached at so young an age.

Not only has the senator occupied every post of consequence here, not only has he done every piece of work imaginable, and done well every task to which he set his hand, but at the same time he has taken a most active part in government, an active, if not too active, part in elections—

Some Hon. SENATORS: Oh, oh.

Right Hon. Mr. MEIGHEN: —and has been all the while an international figure of real consequence and moment. I have felt proud that a Canadian was considered qualified to occupy the post of President of the Assembly of the League of Nations. The talents which are his, and of which so few of us can boast, his ability to speak in two languages, his knowledge of the politics of two hemispheres—these are qualifications which marked him for that great distinction.

We are witnesses of that tireless energy which characterizes him everywhere. It makes one think that life is worth living if one can hope to reach the age of our distinguished leader and be able to maintain the steam, the vivacity and the vitality that seem to be bursting from him at every point. I am sure I speak the thought of everyone on this side when I say we heartily join in our congratulations to the honourable leader of the House. Speaking for myself, I say there is nothing which makes the post of leadership more pleasant and more satisfying than to have opposite a man whom one respects. And that respect, let me testify, knows no reservation.

Hon. C. P. BEAUBIEN: Honourable senators, I feel like apologizing for rising a second time in this House to-night, but I have many personal reasons for joining in the congratulations that have been extended to the leader of the House by the right honourable leader on this side (Right Hon. Mr. Meighen) and the right honourable gentleman from Eganville (Right Hon. Mr. Graham)—congratulations which our colleague so well deserves.

My first impression of the honourable senator was that of a fiery, irrepressible and almost untractable Liberal. He personified what, in the first blush of our Conservative faith, we young men of the day qualified as

a "rouge," unrepentant and past redemption. Then, when for a time in charge of the Conservative forces in my province, I had to meet the worthy blade of my honourable friend, I found, to my dismay, that it was a trying and often costly experience. He was an army by himself, fighting on all fronts and at all times.

But when we were negotiating in the name of our respective parties, on some common ground of accord or compromise, I found him as scrupulously honourable and dependable as he had been, in conflict, fiery and relentless.

Friend, confidant and adviser of Laurier, the Liberal party was wise and most fortunate in having him so long as the strategist and marshal of their main forces: those of Quebec.

In the Senate, for more than twenty years, I have known him mostly as a leader of one side or the other of the House; and I venture to say that it would be difficult to find in the annals of this honourable body a leader who has to a higher degree merited the admiration and possessed the confidence of both parties.

His exceptional physical and mental capacity for work has allowed him to carry on for years, without respite, a task which very few men could undertake. His frankness, his loyalty to the House, have been subjects of astonishment to many of his political foes when entering the Senate.

I shall always remember the resolution of congratulation, so highly complimentary to the honourable gentleman, spontaneously moved on this side of the House by Hon. J. D. Reid, a dyed-in-the-wool Conservative if ever there was one. Hon. Mr. Reid had been at first surprised and subsequently conquered by the sterling qualities of heart and mind of the honourable senator for De Lorimier (Hon. Mr. Dandurand).

In the realm of legislation, the services rendered by him during his long tenure of office are so great that it would be difficult to over-estimate them.

It is a pity that the country at large is not as well aware as are his own colleagues of his untiring devotion to duty, for if it were the mighty voice of the people from ocean to ocean would rise with our own in expression of appreciation and gratitude.

But Canada has still other reasons for pride in and gratitude to the honourable senator. At the League of Nations his ingratiating personality, his sturdy figure, full-blooded complexion and white hair, and his clear and commanding voice, have for years typified Canada. At Geneva everybody knows Senator Dandurand and calls him respectfully "Monsieur le Président," because not only Canada's prestige but also his own recognized merit have led him to the presidency of the Assembly, the only Canadian who has attained, perhaps the only one who ever will have attained, this honour.

The remarkable portrait of the honourable gentleman which his many friends presented to the League of Nations inaugurated the portrait gallery of its presidents, and will, for very many years, I trust, commemorate the brilliant tenure of office of Canada's first representative in the chair of the presidency.

Despite his many occupations, the honourable senator is always willing to add more to his tasks, especially at the call of philanthropy or public duty. No one in his city has more effectively worked for the co-ordination and expansion of charity, and its many pursuits of mercy. No one has better served the interest of higher education in his province. In fact, in this respect, his efforts have not relaxed, as he is about to crown fittingly his long and fruitful labours. Scan his life and always you will find his industry intensely applied to the development of an idea or the pursuit of a cause, with many brilliant successes and no great failure to record.

If, in my province, I had to choose an outstanding personality typifying my race to best advantage, it would indeed be difficult for me to select anyone more intellectually brilliant, more thoroughly informed, more generous in his natural dispositions, more public-spirited, more firm in his convictions and more courageous in their defence, yet more tolerant and comprehensive of the views and opinions of others. Truly, it can be said that our colleague is a fine specimen of the best Canadian type.

The resolution was adopted.

Hon. RAOUL DANDURAND: My honourable colleagues and friends, I confess that I can hardly find words to express my appreciation of the very kind attitude of this Chamber towards me on this occasion. These last few days I have wondered why newspapers and friends had noticed the fact that I have been forty years in the Senate. I did not see any personal merit in that fact. I lived. Yet, apparently, to be a member of one of the Houses of Parliament for forty years is something to be noticed.

My right honourable friend opposite (Right Hon. Mr. Meighen) has wondered how I reached this Chamber without passing through the House of Commons, forty years ago, when I was thirty-six years of age. It is somewhat of a mystery to him. I desire to state that probably the experience which I had gained

during the eighteen or twenty years preceding my entry into the Senate had something to do with my entry here at that age. Our younger generation, which is facing life and beginning to mount the ladder at eighteen or twenty, might be interested in this. I attribute my entry here at thirty-six years of age to the fact that I fought seventeen battles for my friends in the province of Quebec before winning one.

Right Hon. Mr. GRAHAM: You retired on full pay.

Hon. Mr. DANDURAND: It was all the time an up-hill fight, but an agreeable one. I may say that I was born under the star of that mighty Conservative leader Sir John A. Macdonald, under whose sway the province of Quebec remained for eighteen years and more. At the time I came into politics he was, and had been for a long time, Prime Minister of this country. When one's party has been in opposition for eighteen years one feels that it is a reform party. So we called ourselves; and I had come to the conclusion that the reform party's function was to advance ideas which, naturally, would be opposed by the Conservative party until they gained favour in the eyes of the great majority of the people and were adopted by that party. For eighteen years I felt that I belonged to a reform group which was destined to remain in opposition. Then, all of a sudden, in 1896, owing to the fact that the Conservatives had been for a very long time in power, that many of their brilliant leaders had disappeared, and that there was in the country a feeling of dissatisfaction such as naturally arises at certain times when the economic situation is not very favourable—all of a sudden the country turned to the Liberals, who had been so long in opposition. And it happened that we had as our chief the most charming leader I have known, a man who stood head and shoulders above his contemporaries in the province of Quebec, at all events: Wilfrid Laurier, as he was then known.

I remember having taken quite an important and interesting part in the struggle which brought Wilfrid Laurier to power. It chanced that in the following year, 1897, my father-in-law was leader of the Liberal party in Quebec, when we again swept the province, and presently I found myself sitting behind David Mills, R. W. Scott, and quite an array of senior senators who had entered this House in 1867 or a few years afterwards. They were men of the highest standing, who had played an important role in this country, men whose presence adorned the Senate, and I enjoyed to the full the privilege of contact with them. Since then I have been a member here doing his duty, as I believe every other member does. I do not know of any colleague who, having a duty to perform, a mandate to carry out, does not give of the best of himself to fulfil the task. And such is all I have tried to do. I have never had a very high impression of my ability. I felt that I had some energy, and I have tried to employ it in doing my duty.

During the time that fate has willed it that I should be leader in this Chamber I have been supported constantly, daily, by the goodwill of every one of my colleagues, and none have treated me better than the leaders of the other side. I speak with affectionate memory of Sir James Lougheed, whom I really loved as a man. Now facing me is the Right Honourable Arthur Meighen. When he came into this Chamber, in 1932, I met him at the door, and he said to me, "Here is my enemy, worthy of my steel." I told him there were two important errors in that statement: that I was not his enemy, and I was not worthy of his steel. I added that I was his collaborator, that he would find there were really no party passions in this House, that nine-tenths of the questions coming before us were such as had to be studied, examined and weighed on their merits. I was happy to note that very soon after my right honourable friend came here he realized that the atmosphere and the function of this Chamber were not those of the House of Commons. I read with pleasure a speech which he delivered in Toronto, and of which he sent me a copy last week, wherein I found this very phrase, that the Senate must not be a replica of the House of Commons, and that if it were it should disappear.

I thank my honourable friends for their action this evening. When I was told, as I sat here, that such a resolution would be moved, I felt like objecting to its presentation, preferring to have the kind words, which I thought might perhaps be said, postponed until the time—which may come sooner than one expects it—when I shall have passed into the world of shadows.

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

THE SENATE

Wednesday, February 2, 1938.

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

Prayers and routine proceedings.

CANADA'S RAILWAY PROBLEM

NOTICE OF MOTION

Hon. C. P. BEAUBIEN: Honourable senators, I desire to give notice of the following resolution:

That the Government be urged to settle without further delay the railway problem of Canada, and finally put a stop to the ruinous loss of forty to fifty million dollars yearly incurred by the country to cover deficit and provide loans to the Canadian National Railways, which has already consumed more than three billion dollars of the resources of the country and is responsible for more than one-half of the national debt.

Hon. JAMES MURDOCK: Honourable senators, I rise to a point of order. It seems to me that the notice of motion which has just been given goes into argument and discussion, which, under the Rules of this House, are not permitted in such a notice. It is quite proper to give notice that representations will be made, but the argument that it is intended to raise should not be contained in the resolution.

Hon. Mr. HARDY: Quite right.

Hon. Mr. MURDOCK: I would ask that the resolution be changed to comply with the rules.

The Hon. the SPEAKER: I shall look into the matter and give my decision at a later sitting of the House.

Hon. Mr. BEAUBIEN: Mr. Speaker, I will bow to your decision, and if necessary make an amendment, which will not very greatly change the purport of the resolution.

Hon. Mr. DANDURAND: Then I understand that His Honour the Speaker, after reaching a conclusion as to the point of order, will confer with the honourable gentleman from Montarville (Hon. Mr. Beaubien) as to the proper form of the notice of motion.

PRIVATE BILL

REFUND OF FEES

Hon. R. B. HORNER moved:

That the parliamentary fees paid during the last session upon a proposed Bill to incorporate Russian-Ukrainian Evangelical Baptist Union, be refunded to George Buzovetsky, of Blaine Lake, Saskatchewan, one of the petitioners, less printing and translation costs.

He said: Honourable senators, as the motion indicates, parliamentary fees were paid during the last session upon a proposed Bill. The sponsors considered that the organization in question was not strictly a religious one and decided to go no further with the proposed measure at the present time. All that is asked for is a refund of the parliamentary fees, less printing and translation costs.

Hon. Mr. CASGRAIN: Would the honourable gentleman explain upon what principle he asks that the fees be remitted? I am not opposed to the motion; I simply ask for that information.

Hon. Mr. HORNER: Honourable senators, I have observed similar resolutions being carried in this Chamber and have presumed that the principle of refunding fees when bills are not proceeded with had been established. The sponsors in this case have received no value for the money they paid, for, as I have already stated, they have decided not to proceed with the proposed Bill.

Hon. Mr. MURDOCK: I understand the Bill never was introduced here.

Hon. Mr. BALLANTYNE: No.

Hon. Mr. HORNER: That is correct.

The motion was agreed to.

THE GOVERNOR GENERAL'S SPEECH

ADDRESS IN REPLY

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

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

He said: Honourable members of the Senate, before referring to the resolution with which my name has been associated to-day, may I express appreciation of the double honour which has been conferred upon me at this time. I am deeply sensible of the honour of being admitted to membership in this distinguished body, as well as that of being asked to move the Address in reply to the Speech from the Throne. As one who for a considerable period has followed the proceedings of the Canadian Parliament as an interested observer, and occasionally with a critical eye, from the vantage point of an adjacent gallery, I take my place on the floor for the first time with much diffidence and some trepidation. I can assure you, honourable members, that the outlook from the gallery is much less embarrassing than that from one of these desks.

It has been explained to me by my honourable leader that co-operation and collaboration are the watchwords of the Senate. Although some of my activities outside are identified with political organization, I shall be pleased to offer my humble contributions to the work of this House in a spirit of genuine co-operation and goodwill.

Hon. Mr. CALDER: Hear, hear!

Hon. Mr. LAMBERT: In due course, I suppose I shall reach that state of philosophic calm so aptly depicted by Tennyson in the later years of his life, when he wrote:

> Raving politics never at rest—as this poor earth's pale history runs—
> What is it all but a trouble of ants in the gleam of a million million suns?

The Speech from the Throne this year has been regarded in certain quarters and by some correspondents of the press as being largely a review of outstanding incidents of the past year; and it has been said that its references to the principal matters to come before Parliament this session are rather vague and indefinite. Any element of uncertainty contained in His Excellency's references to future legislation is, to my mind, fully justified by the character of the situation in which Canada finds herself at the present time. While we have gratification expressed at the "substantial advance in Canada's economic recovery" and the attainment to new levels in our national revenues, plans are still discussed for assisting unemployed young people, reminding us of the ever-present spectre of that unsolved problem. Vividly, too, are we reminded of the dire misfortune which drought has brought to once fertile and productive areas in Western Canada. Further references are made to the "strains and stresses" upon Canada's governmental structure and to "the necessity for adjustments." The international situation "continues to give much ground for anxiety." If, therefore, the future of the Government's legislative programme in some respects appears veiled in uncertainty, is the explanation not to be found in the fact that all of us in our personal business affairs, as well as in relation to public questions, are trying to feel our way along carefully from day to day and from week to week?

Yet at the same time one feels that the Speech from the Throne affords much ground for hope. For one thing the interests of agriculture as a basic, social and economic factor in our national life are recognized in the continued activities of the Prairie Farm Rehabilitation Scheme and in the improvement of marketing facilities organized under the new marketing branch of the Department of Agriculture. We may all hope and pray that more favourable natural conditions will bless the Prairie farmer this year. His has been a valiant fight against adversity during the past seven years, but it has been made easier by Dominion-wide recognition of the fact that it is a struggle of national importance.

The prospect of new trade agreements which will further facilitate a wider exchange of commodities throughout the world gives added soundness to our economic outlook and contributes a welcome note of improved international relations. The details of these agreements will be awaited with keenest interest.

Overshadowing in importance all references to economic and financial matters is the issue of national unity foreshadowed in His Excellency's speech. A prolonged discussion of this subject at the present time would be out of place, in view of the current sittings of the royal commission of inquiry. It would seem to me, however, that this great question is one that should appeal with peculiar appropriateness to the mind of this House, and that we should all take the earliest opportunity of expressing the faith that is in us. The test of financial hardship appears to threaten the existence of Confederation, if some of the wild words spoken of late by men in responsible positions are to be taken seriously. I thoroughly believe, however, that the very adversity of these times already gives evidence of stirring to unprecedented heights of achievement the potential spirit of Canadianism, which throughout all the provinces has been quietly gaining strength with the years.

One of the few pieces of new legislation promised in the Speech from the Throne is that arising out of the report of the Special Committee on Elections and Franchise Acts. While the recommendations of that report will not come personally close to any honourable member of this House, they will have a vital bearing upon the character and development of the communities in which we live. Democratic institutions of government in the final analysis are based on the exercise of the franchise by a free people, and I am convinced that certain far-reaching and fundamental changes should be made in our electoral laws to make them more consistent with the democratic ideas we profess. For much enlightenment on this subject one is indebted to several honourable senators for their contributions to a debate in this House some five years ago. I was much struck at the time, and have been more forcibly impressed since, by the remarks of the honourable senator from Saint John (the Hon. the Speaker) and the honourable senator from Vancouver (Hon. Mr. McRae) about the cost of elections. I believe that the suggestions made so frankly by these honourable gentlemen then apply with even greater need and greater truth to conditions prevailing to-day.

The present Dominion Franchise Act—which, one assumes, will be almost completely enveloped in a new Elections Act—

was approved by Parliament a few years ago with comparatively little opposition. It was based on the idea of establishing closed lists such as exist in the United Kingdom, with provision for annual revision. The cost of maintaining this system in Canada, where the shifting of population in certain urban areas is as great as 30 per cent per annum, was found to be prohibitive. The closed list, however, is a sound accessory to a democratic system of government; and it is to be hoped that a fair compromise may be found somewhere between the extremes of the present open list and the proposed expensive system of revision under the original Franchise Act.

In this connection, it is also time to consider seriously the adoption of a measure of compulsory voting such as exists in our sister Dominion of Australia. Privileges carry with them corresponding responsibilities; and a democratic community such as we are supposed to be has every right to expect its members to vote at election time, thus removing an all too common complaint on the part of a select but increasing number of well-to-do people that politics, as an active interest, is something to be avoided.

May I thank honourable members for their courtesy in listening so patiently to my remarks. I now have the honour of referring them to the resolution which I have already moved.

Hon. GUSTAVE LACASSE (Translation): Honourable senators, I desire first of all, in fulfilment of the pleasant duty called for by the occasion, to thank the Government leader in the Senate for having invited me, for the second time since my appointment to this Chamber, to second the Address in Reply to the Speech from the Throne. You will understand the emotion I feel at this moment, for the present occasion brings back to me the feeling I experienced when, for the first time and when still a young man, I participated in the deliberations of the "Sages of the nation." I think it is exact to say that in the course of the last decade this Chamber has renewed its membership to the extent of forty per cent, and still the Grim Reaper continues to decimate our ranks, apparently bent on disproving the theory of senatorial irremovability. No more than the common run of mankind can we place ourselves beyond his reach. Death accomplishes periodically what the Constitution does not allow the voters to do. It is therefore with a feeling of sincere admiration that I join my personal congratulations to those which were tendered yesterday to our still very active leader (Hon. Mr. Dandurand) on the completion of forty years of uninterrupted devotion to his country in the public life of Canada. The zeal and enthusiasm he has brought to the service of his fellow-citizens is and will remain the inspiration of his juniors.

I wish also, in the name of this Chamber, to tender to the new occupants of the seats recently made vacant by death the hearty congratulations of their colleagues on the official recognition which their appointment to the Senate constitutes of the services they have rendered, in some capacity or other, to the Canadian community. I am sure that the judgment, intelligence and goodwill that they have already shown elsewhere will prove most valuable in the consideration of the matters of public interest which constitute the work of this Chamber.

Coming now, honourable senators, to the examination of the official document which is called the Speech from the Throne, a document which sets forth each year, at least in outline, the sessional programme, I shall endeavour to make as complete an analysis of it as possible, keeping close to its text, without attempting more or less justified digressions. Some will probably say of this document—the phrase has become quite familiar to me since I have had the honour of sitting in this Chamber—that it is far more remarkable for what it omits than for what it contains. Be that as it may, I think it is substantial enough to form the subject of many interesting studies.

Following a brief reference to the Coronation of Their Gracious Majesties King George the Sixth and Queen Elizabeth, as well as to the Imperial Conference held immediately after these imposing ceremonies, the Speech from the Throne briefly mentions the return to a state of relative prosperity which has become more and more marked in recent months. The Speech notes particularly the increase in revenue, the expansion of our trade with other countries and the gratifying decrease in the number of unemployed. This general improvement, the Speech however admits, has been somewhat marred by the unfortunate situation of that vast area of Western Canada at one time proudly called the granary of the Empire. Mention is also made, and very properly, of the means taken by the Government to remedy these conditions and if possible prevent their recurrence. As to the other undertakings of the Government, such as the Employment Commission, the inquiry into the textile industry, aid to returned soldiers, inquiry into the economic and financial bases of Confederation, and distribution of legislative powers, we shall soon

be able intelligently to measure their results when the reports have been made public.

This first part of the Speech from the Throne is a simple recital, as you see, of the honest efforts of the Government towards a sound bettering of the social and economic conditions which have faced this country since the commencement of the depression, and towards the improvement of the general situation of the people. Now, what are the immediate intentions of the Government? What are the important measures it recommends and which will become law in the course of the present session? The second part of the Speech from the Throne answers this question clearly and concretely.

In order to apply a prompt and effective remedy to the evils resulting from unemployment, evils moral as well as physical, and which are gradually demoralizing the soul of the people, the Government intends to establish a uniform system of unemployment insurance. To do this it will be necessary to amend the British North America Act, and both Houses of Parliament will be asked to authorize the required amendment. The Government's proposal has apparently frightened the rabid upholders of provincial rights; and mention has been made here, as elsewhere, of excessive centralization. The plague of unemployment having attained national proportions, I do not see how objection can be taken to the use of a national remedy. Indeed, how can a family be prevented from moving from one province to another any more than from one municipality to another? No one is more jealous than I of provincial rights. I even go so far as to admit that the chief reason for the existence of this Chamber is precisely the safeguarding and protection of these rights, as well as of the rights of minorities, but I am unable to see and therefore to admit that provincial rights—which, in any case, are guaranteed by the British North America Act —are endangered in any way by the proposed legislation.

I do not consider it necessary to dwell on the next item, which, having to do with the Elections Act, concerns particularly if not solely the members of the elective Chamber of this Parliament.

The next proposal is the extension of the authority of the Board of Railway Commissioners. There is doubtless much to be said concerning the highly complex problem of our railways, but time does not permit me to dwell upon it. We shall probably have an opportunity of discussing it at some later date. May I simply say, for the benefit of those who are interested in the matter, that I am irrevocably opposed to the definite amalgamation of our two great railway systems. The echo of the famous word of a man whom all recognize and whom we all greatly respect still reverberates in our ears: "Competition ever, amalgamation never." With this statement I am in complete accord.

May I state at this point that, as a citizen of Greater Windsor, I should be very glad to see the authority of the Railway Commissioners extended. We have long suffered from the lack of a station in our district. I trust that those whose powers will be extended will at least have the courage to recognize in due time the necessity of building a terminal station as in Hamilton and London. The City of Windsor is situated on the boundary between Canada and the United States, opposite a great American city, the fourth largest on the continent. I think the statistics of the Department of National Revenue will bear out my assertion that Windsor is the most important port of entry between the Pacific and the Atlantic. In expressing this hope I am certainly reflecting the unanimous opinion of the citizens who have at heart the improvement of the public services in my district.

Another question to be considered during this session is that of the export of power. I realize that here I am treading on slippery ice—ice as thin as that of the gorges of Niagara is thick. I shall therefore defer a definite pronouncement until the matter has been examined from all angles.

With respect to our international relations, I cannot praise the Government too highly for the prudence and wisdom it has shown during the last few months. In that regard I have great pleasure in mentioning two cases in particular: the refusal to boycott imports from Japan in spite of the strong pressure exerted on the Government from all quarters, and the ban placed on the departure of any Canadian citizen for the purpose of taking part, on either side, in the Spanish civil war—here again despite the propaganda against this measure that has been and is still flooding the country.

I deem it my duty to defend the Prime Minister against the violent and unjustified attacks made upon him in connection with the possible changes in the commercial agreements between the United States and Canada on the one hand and the United States and Great Britain on the other. I am convinced that Canada's interests will be served fully as well by our Government in 1938 as they were in 1935. I also cherish the hope that the importance of the automobile industry, from the viewpoint of capital invested as well as of labour employed, will not be over-

looked in these negotiations. Here again I echo the sentiments, the desires and the hopes of the big manufacturers in my district.

This analysis, honourable senators, which I have condensed as much as I could, of what the Speech from the Throne expresses and suggests, will be the extent of the remarks I shall make this afternoon. I know that the debate on the Address in Reply to the Speech from the Throne provides us each year with practically the only occasion on which the rules permit us to speak freely on any subject which particularly interests us. Nevertheless, not wishing to abuse this privilege and to detain the House any longer, I have scrupulously endeavoured to stick to the ideas and facts mentioned in the Speech from the Throne. May I, however, in closing, emphasize the necessity of peace within as well as without the country. What, in fact, is the foundation of social order and peace within a country? Is it not the good understanding that should prevail among the various elements of the population, especially in a young and immense country like Canada, where creeds are numerous, races imbued with opposing sentiments, and interests sometimes incompatible? Oh! I know that the indifferent, the skeptical and the cynical will sneer at the word "good understanding," and I admit that the term, like many others in this period of dizzy evolution in most domains, perhaps needs a new definition. But, my fellow-Canadians—for I am now addressing the ten million fellow-citizens represented by the members of this Chamber—my fellow-Canadians, let us, every one of us, put forth a strong and generous effort, an effort all the more needed in these troublous times, to ensure the survival, the consolidation and the development of the sacred institutions which have been thus far the instruments of our greatness and prosperity. Let us not fear honourable compromises; let us even accept the principle of reasonable mutual concessions imposed by the circumstances in which Providence has decreed that we should live, in so far as such compromises and concessions may tend to promote union in peace, harmony and security. Whatever we may say, whatever we may do, may we always be inspired by the Christian spirit which should nourish our souls, and the patriotic ideals which should animate our hearts.

Again, I fear that the simple mention of the words "compromise" and "concessions" may scandalize certain persons, but will anyone refuse to admit that reciprocal tolerance is the essential element without which no society, great or small, can exist, whether its domain extend to the walls of one's house, the confines of one's village or the boundaries of one's country?

I have pleasure, honourable senators, in seconding my honourable friend who so eloquently moved the Address in Reply to the Speech from the Throne.

Hon. C. C. BALLANTYNE: Honourable senators, I regret to inform this honourable Chamber that just a short time ago I received a telephone message from our right honourable leader on this side (Right Hon. Mr. Meighen), stating that he is indisposed and will not be able to take his seat to-day. It will therefore be impossible for him to make the eloquent address, on the subject of the Speech from the Throne, of which we know he is capable.

I crave the indulgence of honourable senators while I make a few extempore remarks on this occasion. I want first of all to tender my heartiest congratulations to the honourable the junior senator from Ottawa (Hon. Mr. Lambert) and to our eloquent friend the honourable senator from Essex (Hon. Mr. Lacasse) on the very able and fitting manner in which they proposed and seconded the Address in Reply to the Speech from the Throne. I certainly think the honourable the junior member from Ottawa made a very moderate and informative speech, and I am quite satisfied that it has made a most favourable impression on this House.

The honourable the junior member from Ottawa (Hon. Mr. Lambert) has referred to the unemployment situation. I desire to congratulate the Government on the splendid work performed by the Employment Commission during the last eighteen months, or nearly two years, under the very able chairmanship of Mr. Arthur B. Purvis. The commission had an intricate and most difficult task, but, as I received the other day the final and complete report of the commission, I know that the Government, Parliament and the people of Canada have at last had placed before them a detailed analysis of the situation of those who are unemployed and those who are unemployable. The work of the commission so far has done much to reduce the number of unemployed, and the suggestions contained in the report will, I am satisfied, be taken into serious consideration by the Government, and I am confident that whatever measures are necessary will be taken to reduce unemployment in the future.

The mover and the seconder of the Address have both referred to the proposed trade agreements—the details of which have not yet been placed before us—between England and the United States, and between the United States and Canada. I am not in a position to offer any criticisms or suggestions,

because no one could possibly do so unless the details of the proposed treaties were known to him. I have only this to say. Our experience with the Imperial pact during the last few years has proven that it is most beneficial to Canada and to the Empire as a whole, and I trust the Government will not do anything that would impair this pact, or be to the detriment of Canadians, or tend to lessen our export and import trade within the British Empire. On the other hand, I recognize that Canada must do everything she possibly can to meet the wishes of her powerful and friendly neighbour to the south. It is necessary, especially in these times of world unrest, that we should draw closer together. I know that our American friends are good traders, and I realize that the members of this Government will be alert to see that the agreement, if arrived at, shall not be too much to the disadvantage of Canada or the Mother Country. I know the Mother Country is going to conduct her negotiations direct. She is perfectly capable of taking care of herself. But too much care cannot be exercised in regard to our arrangements with the United States.

The present trade agreement has now been in effect for some years. According to the figures it turned out very well until a few months ago, when the recession in trade commenced in the United States, causing the price of Canadian cattle and dairy products to drop to such an extent as to interfere with Canada's export trade to the United States. When we come to manufactured goods the situation is this. The American nation being one of 130 millions of people, highly specialized in mass production, their costs are so much lower than those the Canadian manufacturer can hope to reach that at the moment we are in danger of having American goods dumped into Canada at less than fair market prices. I am satisfied, however, that the Government is alert to this situation and will see to it that for duty purposes a fair market value shall be established on all imports of manufactured goods from the United States.

Some reference has been made to proposed changes in the Elections Act. I share the opinion of the mover and the seconder that these may bring about an improvement over what some of us have been accustomed to. Anyone who has ever been a candidate in a Montreal division has some idea of the difficulty of working under the Elections Act. I hope this new Act will prevent from voting the thousands of people who generally vote in various divisions of Montreal when there is no rhyme nor reason in their doing so. Whether the Act will explain the difference between a contribution and a levy, I do not know. Possibly that point will be taken under advisement.

My eloquent friend from Essex (Hon. Mr. Lacasse) has referred, in his usually graceful manner, to His Majesty the King. I want to say to him and to the House that those of us who had the great privilege of being present at the Coronation were tremendously impressed with the unanimity of loyalty displayed on all occasions towards His Majesty George VI and his gracious consort the Queen. I came away from the Coronation impressed more than ever with the solidarity and the greatness of the Empire. The Coronation made us prouder than we had been before of being Canadians, and of the fact that Canada is a part of the great British Empire.

The world is in a serious state of unrest at the present time. The gifted leader of the Government in this House (Hon. Mr. Dandurand) knows more about that than I do. The vast amount of money that the United Kingdom is spending and will continue to spend on defence will do more than anything else could possibly do for the maintenance of peace. We know that the Imperial Government, as well as the governments of all other portions of the Empire, stands for peace, but, with some nations arming in a feverish way, it is only right and proper that the United Kingdom should take the step she has taken in regard to defence.

Now may I say a word or two in reference to domestic trade? To me, as a business man, connected with a number of manufacturing industries, it has been very gratifying that the trade of Canada has kept up as well as it has, notwithstanding the serious business recession that has existed across the border for the last five or six months. Difficulties are ahead for the United States, and also for Canada. If the recession proves to be but temporary, as everybody hopes, then all will be well, but if it continues for a prolonged period we are bound to feel its effects in this country. That brings me to say that the policy of the Government and of Parliament, as well as of business and of all citizens, must be one of rigid economy.

I apologize to honourable members for these imperfect remarks. As I have said, I was commandeered only at the very last moment.

May I take this opportunity of welcoming the honourable junior member from Ottawa (Hon. Mr. Lambert) to this Chamber. His speech of this afternoon was a splendid one. Because of his experience we know that he will be a very useful member. May I also be allowed to express our pleasure at the

appointment of the honourable senator from Toronto (Hon. Mr. Marshall), who was introduced to the House yesterday. I should like to say to them that, as the honourable leader has remarked, they will find in this Chamber, not a political atmosphere but an atmosphere of co-operation, and an opportunity of doing most interesting and constructive work. I wish them a long term of years to enjoy the important positions which they have now been called to occupy.

Hon. RAOUL DANDURAND: Honourable senators, I am sure we have all listened with pleasure and interest to the speech just concluded by my honourable friend from Alma (Hon. Mr. Ballantyne). I wish that his leader (Right Hon. Mr. Meighen) had been present to hear him discuss the situation, as he sees it, in the country. I was sorry to hear that the right honourable leader on the other side was unwell. I proposed to my honourable friend from Alma that this debate should be adjourned until to-morrow if his leader could be present then; but the right honourable gentleman, having heard of my proposal, demurred and asked us to proceed.

I want to join with my honourable friends in congratulating the honourable junior member from Ottawa (Hon. Mr. Lambert) and our good friend and colleague from Essex (Hon. Mr. Lacasse), on their speeches in moving and seconding the Address. We echo the encomiums that have appeared in the press, Conservative as well as Liberal, with respect to the appointment of Hon. Mr. Lambert, and we applaud that appointment. His presence here means that we shall have one more ripe economist, able to give valuable assistance towards solution of the many problems coming before us from time to time.

Hon. Mr. BALLANTYNE: Hear, hear!

Hon. Mr. DANDURAND: I take this opportunity also of welcoming Hon. Mr. Marshall, who has had a long experience in political life. Because of his knowledge of agricultural problems his advice will be especially valuable when we are dealing with such problems, of which there are so many at this time.

The honourable senator from Essex (Hon. Mr. Lacasse) has made a very interesting and valuable contribution to this debate. I followed his speech closely, and I desire to pay tribute to the level-headedness and good common sense which prevailed throughout his remarks.

Some Hon. SENATORS: Hear, hear!

Hon. Mr. DANDURAND: May I say a few words as to Canada's present economic situation. We all know that the year 1936 was a surprisingly good one. Prosperity continued on the same level during the first nine months of 1937. From 1932 onward there was a marked and regular improvement, as will be seen from these figures showing the growth in our exports:

1932	$ 546,000,000
1933	596,000,000
1934	758,000,000
1935	825,000,000
1936	1,015,000,000

The figure for 1937, I believe, will be in excess of that for 1936.

The last three months of 1937 showed a slight recession, which was attributable to the disturbed American market and also to our small wheat crop in the West. But our mining industry, which made a new record of $450,000,000 in production value, amply compensated for the small wheat crop. Businesses and trades having to do with supplying of equipment and materials in relation to mining likewise benefited largely.

Building activity also showed a marked improvement, due principally to the Dominion Housing Act and the Home Improvement Plan. Under the Dominion Housing Act, for the calendar year 1937, there were 2,150 loans approved and 3,018 family units provided, the total amount of approved loans being $13,034,858. During the same period 32,946 loans were made under the Home Improvement Loans Guarantee Act, totalling $12,850,379. These loans, I may say, are being fairly generally met at their maturity, and they are no charge on the taxpayer. It is important to realize that private capital expenditures have been three or four times the amount of the loans which I have mentioned.

In 1937 our pay rolls reached the level of those for 1929. There was an increase in all main sources of revenue, and I believe that but for the drought situation in the West our national budget would have been balanced this year. The training camps were closed. My honourable friends will remember that doubts were expressed as to the wisdom of closing those camps; it was said they likely would have to be reopened when the temporary work which was being offered to the men was exhausted. Well, the camps have not been reopened. Some forty thousand men were put on farm and forestry work in the Western Provinces, under the Farm Employment and Improvement Plan. In Manitoba 6,380 men were taken care of, in Saskatchewan 26,808, and in Alberta 4,314,

while in British Columbia 2,422 were absorbed under a forestry plan.

I should like to quote from a report of some figures given with regard to the unemployment situation in Canada by Mr. A. B. Purvis, Chairman of the National Employment Commission. He presented an analysis of the unemployment situation, as follows:

In September, 1936, he stated, there were 956,000 unemployed; in September, 1937, there were 752,000. Of these 303,000 were distressed agriculturists, not out of work, not in the labour market, but waiting for an act of God to provide crops once more. Another 292,000 were non-working dependants such as wives, and children under 16 years of age. Still another 42,000 had been declared unemployable, or partially so. There remained a maximum of 115,000 really employable, on relief, 88,500 males and 26,500 females.

Mr. Purvis went on to say that no one plan could successfully cope with those 115,000 actually employable, but out of work, many of whom had never been gainfully employed, and so what was needed now was individual action. I think that is a very fair statement, which it is interesting to analyse if we wish to understand the present unemployment situation. An effort will have to be made, as Mr. Purvis suggests, to have the case of every unemployed person considered and dealt with in the very community where the individual lives. It will be remembered that last session, upon the recommendation of the National Employment Commission, Parliament voted $1,000,000 to carry on training and development projects for unemployed young people. Under agreements the funds from this vote allocated to all the provinces have provided opportunities for approximately 30,000 young men and women.

The four main categories of the projects specified as coming within the scope of the vote were: training projects of an occupational nature; learnership courses in industry; work projects to combine training with conservation and development of natural resources; physical training programs to maintain health and morale. These projects were open to all young people from eighteen to twenty years of age without gainful employment and in necessitous circumstances. It has been stipulated that wherever possible existing facilities be used and the fullest possible co-operation obtained from local organizations, both public and private. Advisory committees, representing employers, labour, educational authorities, women's and youth organizations, and so forth, have been established in many localities. The co-operation of employers has been sought in the training of apprentices and learners.

Courses of training in farming and agricultural subjects have been given in every province through co-operation with the provincial Departments of Agriculture. In New Brunswick, Ontario and Alberta provision has been made for the placing of seven hundred selected young men from urban centres as farm apprentices with experienced farmers, who have agreed to instruct the young men in the various phases of farm work.

During the summer and autumn months over thirteen hundred young men have been trained in forestry work on Crown lands in New Brunswick, Ontario, Manitoba and British Columbia under the direction of forest service officials. Similar projects for winter training have been provided for some four hundred young men in Prince Edward Island, Quebec, Manitoba and Alberta.

Approximately six hundred young men are participating in mine training projects in Nova Scotia, Quebec, Ontario and British Columbia.

In Quebec, Ontario and Manitoba there are plans to assist in the training of apprentices and learners in industry. A canvass of employers has been made, and whenever they agree to take on young men and train them in specific trades or occupations, they are allowed a weekly sum to defray the cost of instruction on the job. Most of the provinces have plans for occupational training of urban young people in technical schools or other centres.

Opportunities are also provided for young women. Schools for trained household workers have been established in some two dozen cities in the nine provinces. In rural districts courses of instruction are being given in home economics, appropriate farm subjects, health, handicrafts, and so forth.

In British Columbia and Quebec there are definite projects to provide physical education, recreation and group activities for both young men and young women. In British Columbia the plan is province-wide. In Quebec it is confined to the cities and carried on in co-operation with various private organizations.

It is estimated that about thirty thousand will receive instruction under existing arrangements during the present fiscal year. Full details as to the exact number who have actually participated under the various projects in each province will in due course be laid on the tables of the two Houses of Parliament.

With leave of the Senate, I will put on Hansard what has been undertaken by each of the provinces:

YOUTH TRAINING PROJECTS

Under Unemployment and Agricultural Assistance Act, 1937

Province	Approved Projects		Allocated to Province	Amount Approved
Prince Edward Island			$ 15,000	$12,225
Nova Scotia			60,000	
	Mining training			50,000
	Household workers			3,000
	Agricultural training			7,000
New Brunswick			50,000	
	Conservation and development of natural resources			22,500
	Women's courses			9,500
	Agricultural training			4,500
	Leadership training			2,500
	Occupational training			8,500
	Attendance to courses of instruction			2,500
Quebec			220,000	
	Mine training			40,000
	Vocational guidance			55,000
	Leisure-time activities			15,000
	Women's courses			25,000
	Rural and agricultural training			50,000
	Forestry training			35,000
Ontario			$240,000	
	Forestry training			$37,500
	Mining training			7,500
	Household workers—specialized services			42,500
	Agricultural training			45,000
	Apprentices and learners			65,000
	Urban occupational training			42,500
Manitoba			100,000	
	Forestry training			40,000
	Industrial learnership			5,000
	Winnipeg household workers			4,400
	Women's specialized services			4,000
	Agricultural courses			22,500
	Urban occupational training			17,500
	University agricultural course			2,100
Saskatchewan			80,000	
	Agricultural courses			44,815
	Urban specialized training			9,000
	Occupational urban training			20,000
Alberta			80,000	
	Rural courses			18,500
	(a) Local	$14,400		
	(b) District	1,500		
	(c) Homemaking	2,625		
	(d) Follow-up service	2,175		
	(e) Supervision and supplies	1,500		
	(f) Living allowances	3,500		
	Forestry training			17,500
	Urban occupational			21,250
	Women's urban training			4,500
	Agricultural apprenticeships			16,250
British Columbia			100,000	
	Forestry training			37,500
	Placer mining			12,500
	Urban occupational training			30,000
	Physical education			10,000

With regard to international affairs, as everyone knows, the outlook is not at all bright. I need not dilate upon the causes which make for a cloudy horizon. I have confidence in the statesmen who are working for peace, and I will say nothing which would hamper their efforts to that end.

May I add a word concerning the League of Nations? The League must carry on in spite of set-backs and failures. I felt, and said, from the beginning that it would be seriously handicapped through the non-participation of the United States. It would be perhaps interesting for honourable members

—and I say this with all due modesty—to read the speech I delivered in this House on September 4, 1919, when we were asked to approve the Treaty of Versailles, on this very matter of our joining the League of Nations without being assured of the United States becoming a member-nation of the League which its representatives had proposed and helped to create.

The League is in many directions doing admirable work, work which can be accomplished only by co-operation. It is the sole hope of humanity for better days to come.

My honourable friend opposite (Hon. Mr. Ballantyne), as well as the junior member from Ottawa (Hon. Mr. Lambert), has referred to the proposed revision of the Elections Act. I have not yet had occasion to read the report made by the committee of the House of Commons, but I understand it did not entertain a certain proposal which I had no opportunity of discussing and supporting before that committee. The query generally is: "How can we reduce the cost of elections?" Of course, it is a matter which does not specially concern this House, but for the health of the body politic every honourable member should, I think, take an interest in this question. How can we reduce the cost of elections and purify the atmosphere around the ballot box? Before the matter engages our attention I intend to peruse the report of the committee of the House of Commons, and I shall be happy to find there some solution which will make elections less costly. I say "less costly" because an election is always costly to somebody, and the question often arises as to who is that "somebody" who contributes large sums for election expenses.

I have told this Chamber, I think more than once, that I saw no better cure than a compulsory voting law, for it seemed to me that the elector who, once every four or five years, has to exercise his franchise should realize the importance of his act by being made to appear at the polls. He would not necessarily have to express an opinion as between two or three candidates if none pleased him, but he would be present either to mark his ballot or leave it blank as he thought fit. It is my conviction that at least half of the expenditure at election times is directed towards getting the electors to the polls. I believe it is the duty of every elector to exercise his franchise, and that the State might well make attendance compulsory. There is legislation in several countries requiring electors to vote, and in case of failure they render themselves liable to certain penalties, including withdrawal of their names from the voters' lists for the next election. Honourable members who have been candidates for the House of Commons know that bringing electors to the polls is expensive and that frequently they refuse transportation in a cheap vehicle like the Ford, expecting a Rolls Royce to be placed at their service. I think honourable gentlemen will bear me out that under a system of compulsory voting fifty per cent at least of election costs would be saved. I am quite sure that such a statutory obligation would clear and purify the electioneering atmosphere.

With the radio in nearly every home, I am convinced that at the expense of a few hundred dollars a candidate could reach most of his electorate through broadcasts. With the assurance that few electors would dare ignore a compulsory voting law, he would not need to depend on anyone to transport voters to the polling booths. Relieved of this heavy expense, he could carry on an election against a wealthy opponent. It may be said, 'Well, the wealthy man will be able to spend freely on publicity." True, but I am sure that by means of radio addresses and personal contact with the electorate a candidate of moderate means could carry on his election campaign with a good chance of success.

As I have said before, I shall read the report of the House of Commons committee. I have heard, through the press, that it rejected a proposal for compulsory voting. I shall try to acertain whether the committee has suggested any better method than the one I have always supported.

Hon. Mr. BEAUBIEN: Does the honourable gentleman not think that a radio campaign would be extremely expensive?

Hon. Mr. DANDURAND: There might be expense, but with radio broadcasting under a Government commission it might be possible during the thirty days preceding an election to afford candidates an opportunity to broadcast their campaign addresses without ruining themselves financially.

Hon. J. J. HUGHES: I wish to make some observations; or, if honourable members prefer, I will adjourn the debate until tomorrow.

Some Hon. SENATORS: No.

Hon. Mr. HUGHES: Honourable senators, I wish to associate myself with those who have complimented the mover and the seconder of the Address upon their speeches this afternoon.

The speech with which His Excellency opened Parliament, and which we are now con-

sidering, naturally envisages Canadian, British and, to some extent, world conditions. It is, I think, shorter than usual. Nevertheless, it very properly, in my opinion, gives five paragraphs to trade questions, mentioning what the Government has already done to facilitate a wider international exchange of commodities and what it hopes to accomplish in the same direction. To my mind, nothing else in the world could contribute so much to the peace, progress and happiness of mankind as free international trade; therefore it is with extreme gratification I observe the great English-speaking nations of the world coming closer together on this most important subject. I hope I may live long enough to see at least all the great free nations of the world remove many of the impediments to trade among themselves. I feel so keenly interested in this question that I cannot refrain from expressing a few thoughts upon it.

To me it seems to be elementary to say that in times of peace, at all events, all or nearly all trade, both national and international, is carried on by individuals and corporate bodies, and that these persons or bodies will not begin to trade with one another unless they expect it to be to their mutual advantage. And most certainly such trade will not be continued unless it is to their mutual advantage. Therefore it follows, as the day follows night, that if traders living in different countries trade with one another they are benefiting not only themselves but the countries to which they belong. And from this it seems to me to follow that governments should concern themselves with removing as many obstacles to trade as possible, leaving their nationals who are business men to work out the details to suit themselves. These nationals will certainly not injure themselves; and if they do not hurt themselves I cannot see how they can possibly hurt their respective countries.

Another thing I cannot understand. Others may see the sense of it, but I cannot. With one hand we construct railways, dig canals, bridge rivers, build and subsidize ships, send commercial agents abroad to promote international trade; and with the other we discourage such trade by fining or levying tolls upon the men who engage in it, and at great expense build customs houses and employ armies of men to collect these fines or tolls.

According to my reading of history the first tariffs and customs houses began in a queer way. Long years ago, when the great rivers were the principal arteries of commerce in Europe, strong men, who wished to live by preying on the industry of their neighbours, built their castles or forts on the banks of the Rhine, the Danube and other rivers, and levied fines or tolls on all the commerce that passed up and down these natural highways. In time this lawlessness became a custom, hence the name "customs houses." After a while kings thought this would be a good way to raise revenue, and they adopted it, at the same time abolishing, or greatly curtailing, the activities of the freebooters. Later still governing bodies took over this method of raising revenue, excluding by law all others, and while the system was still inherently bad, this change removed some of its evils, because the public got the money thus raised, or most of it. However, keen-minded, covetous persons never lost sight of the personal advantages that might be obtained through the manipulation of tariffs; hence the continual pressure and the skilfully devised arguments brought to bear upon all governments to make the rates as high as possible, and so, in practice, give the manipulators and the smugglers another chance.

One of the greatest fallacies which the tariff people inculcate is that it is more advantageous to export than to import. It would be easy, I think, if time permitted, to prove that one activity is the necessary complement of the other; that, in fact, one cannot properly be carried on without the other. Is this fact not significant? In time of war, when nations are trying to injure one another in every possible way, they instinctively feel and know that to blockade the frontiers of the enemy and prevent imports will cripple him more quickly and to a greater extent than will the prevention of exports.

One other thought will terminate my views on this phase of trade. In the long ages when this planet was being prepared for the habitation and use of man, when the seasons and the climates and the vast variety of productions were being arranged for, surely it must have been in the mind of the Creator that His children would freely exchange products with one another to the immense advantage of all; that this exchange would of itself be the most important industry and the greatest civilizing agency in which they would be engaged. If there is anything in this thought, man, because of his covetousness and lawlessness, has done much to thwart the will of Providence and injure himself.

Changing somewhat, but not dropping this line of thought, I proceed. The conquest of the air, the discoveries and inventions of the scientists, have so reduced the size of this earth that no part of it is any longer remote from any other part, and neither nations nor

individuals can any longer live unto themselves alone. In a broad sense, but nevertheless in a very real sense, God made us one race and one family, the members of which must either live and work together or in large measure perish together. The war which was openly declared in 1914 is still going on, and with greater intensity than ever. The Treaty of Versailles provided only a breathing spell. All the causes which produced open hostilities in 1914 are still at work. Anger, hatred, ill-will, covetousness and greed abound on all sides and among all classes. Every nation is either engaged in actual war or preparing for it on a tremendous scale, and in nearly all realms of thought, temporal and spiritual, there is the utmost confusion. Never within our memory, and possibly not in the records of history, was there a time when the sea of life was so turbulent. There must be a cause for this state of affairs, and surely it is correct to say that before a remedy can be found and applied the cause must be discovered.

A Christian philosopher writes thus of man:

> Man is miserably weak, even physically; he is mortal, limited in all his powers, even those of the reason; subject to all manner of suffering and apparently unable to help himself, even where the path to a tolerable existence lies clear. But at the same time man is gifted with a mind which can conceive the universe; he is the child of God and in the image of God; all beauty is at his command; he can even in a sense create; he is vastly greater than anything else there is within our immediate experience, yet he is immeasurably less than what he knows he might be. He is at once despicable and awful, petty and supreme.

I suppose we are all agreed that the universe, of which this world is a part, did not make and cannot sustain itself. Any person who looks at the sky on a clear moonless night will see multitudes of worlds far larger than ours, and multitudes of suns far larger and more luminous than ours. Herschell is said to have counted twenty millions of such worlds and suns in the Milky Way alone; and lately I have read of the newest discovery of a sun, called Super-Nova, three hundred million light years distant from this earth and five million times larger and more luminous than our sun. All these bodies are traveling through space at an almost incredible rate of speed, yet the order is such that scientists can tell us in exactly what part of space they will be in relation to one another one year from now, ten years from now, a hundred years from now. If we take our minds from the contemplation of immense bodies to small things, we shall find that in a drop of water there are great numbers of living creatures, all obeying the law of their being.

Hon. Mr. HUGHES.

The Author of this creation and regulation must be omniscient, omnipotent and eternal. This Omniscience, this Omnipotence and this Eternal we call God, and He has been pleased to reveal to His creature, man, much concerning Himself which man of himself would never and could never know. Among other things, God revealed that He created two orders of beings, angels and men, to both of which, for a cause worthy of Himself, He gave free will. To Lucifer, one of the leading angels, He gave a large part of the administration of this world. We know this because of the work this fallen angel has been able to do; and when Our Lord was on this earth He called Lucifer "the prince of this world." Lucifer and a large number of the angels, as individuals, abused their free will, and through the sin of pride disobeyed God. Their sin of disobedience was irremediable. When Lucifer fell, the intelligence and power which God had given him were not taken away from him; and, being at enmity with God, he wanted to oppose Him in every way possible. He had the power to tempt, and did tempt Adam and Eve to disobey God.

With the fall of our first parents fell the whole human race—for it is a race. That fall entailed terrible consequences. It was not, however, irreparable, and it must have been different from that of the angels, for God Himself, in His pity for man, undertook to repair the fault, man co-operating; and the story of the reparation is the story of Christianity. The second person of the Godhead clothed Himself with our humanity, became one of our race, and thus by His passion and death redeemed mankind. The fruits of this redemption are obtainable by all who believe in Him and ask for pardon. Nevertheless, many of the sad and bitter consequences of the fall remain to be borne by ourselves, and among these are sickness, decrepitude and death.

When our Lord and Redeemer was visibly present on this earth, Satan, though his intelligence and power were in many respects far greater than those of man, probably did not know, or else doubted, that Jesus Christ was God. Therefore he decided to tempt this wonderful being and miracle worker, as he had successfully tempted many others from Adam and Eve down. The Bible tells us that he took our Saviour up into a high mountain, showed Him all the kingdoms of the world, and their glory, and said: "All these will I give you if you will follow and worship me." This was no idle boast on Satan's part. Already he had tried, and since has tried, that temptation on many men in all walks of life and in every calling; and multitudes

fell and since have fallen, and received their share of the guilty partnership in this life. This temptation of our Saviour, if meditated on as it should be, will give every person in the world sufficient thought for a lifetime. If properly understood it would enable us to account for the state of the world that was swallowed up by the Deluge; it would enable us to account for the populous and flourishing cities which once existed and whose ruins are now uncovered by the spade of the archaeologist; it would enable us to account for the civilizations that are little more than memories; it would enable us to account for the political-religious upheaval of the sixteenth century, and the multitudinous consequences of that event; it would enable us to account for the eighteenth and the nineteenth century surrender of Christianity to plutocracy, when Christians essayed to serve both God and Mammon at the same time; and finally, it would enable us to account for the awful state of the world to-day.

I have said that when Lucifer fell he did not lose his intelligence and power; and man would be in a bad way indeed if he had not a stronger power than Satan to call on for aid. As Adam's fall consisted in disobeying God and trying to make himself equal to the Most High, we, to counteract that disobedience as far as we can, must acknowledge God's omnipotence and our dependence on Him by asking Him for all spiritual and temporal necessities. If Christianity be true, this is the essential duty of man; but it is just the duty that the great majority of men and nations refuse to perform. It follows, then, that so far as this world is concerned the kingdom of Satan is more extensive than the kingdom of Christ; and this gives us the explanation of all, or nearly all, our troubles and misfortunes.

And now as to the credibility of Christianity. When our Lord, the founder of Christianity, was on this earth, He said to those who doubted Him, "If you do not believe me, believe My works." His works were entirely beyond the power of man, and were performed to prove His divinity. I know that I am safe in saying that the miracles of Jesus would be accepted as proved by any court of justice in the civilized world, capable of hearing evidence and weighing its value. Moreover, it will, I think, be admitted even by those who deny or doubt His divinity, that Jesus was the most honourable, upright and truthful man that ever lived. And He declared Himself to be God. He said, "The Father and I are one;" and again, "All power is given unto Me in heaven and on earth;" and further, "I am the Way, the Truth and the Life." No merely human lips could utter such expressions as these. Therefore, if the Bible is an inspired record of those events, or is even authentic history, the position of the Christian is impregnable.

Furthermore, while Christ was on this earth as man, He gathered around Him a number of ordinary men whom He daily instructed and finally formed into a body corporate, or church, passing on to it the commission He had received from the Father. He told it that He would Himself be with it all days, even to the consummation of the world, and in addition would send the Holy Ghost, the Spirit of Truth, to be its companion and guide it unto all truth while time would endure. Again I say that if the Bible is not a book of fables these promises were made by God, and are as enduring as God Himself—"Heaven and earth shall pass away before My word shall pass away." Hence it inevitably follows that that Church must be in the world and functioning to-day with all the powers which God committed to it, and which are necessary for the proper performance of its work. God instructed that Church to teach every human creature on earth, and commanded all men to hear it. Hence it follows that He would not and could not allow it to apostatize and lead men astray. He would, if necessary, use His omniscient power to prevent such an occurrence. Individual members led by Satan might fall away, might in fact do anything that bad men could do, but Jesus, because He was and is God, would, under the circumstances, take care of the corporate teaching body.

Some persons say that Christianity is and has been a failure. Other persons say it has never been tried. Both statements are at best but part truths. When Christ was born the Roman Empire, which then embraced practically the inhabited world, though at peace was sunk in abominable iniquities. Two-thirds or three-fourths of the people were slaves to the others. Possessing no rights of their own, they had to submit to the injustices, the cruelties, and the vices of their masters. In three or four hundred years a tremendous change for the better took place. It was brought about entirely by the Christian Church, though she had to live for the most part of that time in the bowels of the earth. During that time she absorbed and took to herself nearly everything that was meritorious in Roman civilization. When in the fifth and sixth centuries the empire was overthrown by the barbarians of the North, the Church had to undertake their civilization

and Christianization; and under all the circumstances she did not make such a bad job of it. This much at least can be said: that in a few hundred years, out of this rough material a Europe was made that successfully withstood and finally overthrew the Mohammedan power. Could the Europe of to-day do as much? Could a Peter the Hermit arouse and unite the conscience of the Christendom of this age in a great and holy cause? To ask the question is to answer it. His preaching to-day in such a cause would have about as much effect as the chirping of a house sparrow would have. And while our forbears were engaged in this life-and-death struggle with Mohammedanism they found time to build and were able to endow dozens of schools and universities, which were attended by hundreds and thousands of students, many of them getting their tuition free. They also found time and means to dot Europe with churches and cathedrals that even to-day are the admiration of the world; and they adorned those edifices with paintings and with sculpture that cannot be equalled in our time. And the guilds and other social institutions of those ages we are even now trying to copy. Even the wars of those ages were chivalrous and merciful compared with the fiendish wars of the present age. In the face of even the meagre record I have roughly sketched, can it be truthfully said that Christianity has never been tried, or has been tried and found wanting? Yet it must be admitted that there is still much wrong with the members of the Christian churches.

If, in the outline mentioned, I have correctly diagnosed the world's troubles, then to every intelligent, thoughtful person the remedy suggests itself. Once again I repeat our Lord's words: "I am the Way, the Truth and the Life." In another place He says, "Without Me you can do nothing." Therefore even the wayfaring man could not err if he did not come under the power of Satan. Where is the man, particularly the political ruler or the executive official in business, who will willingly acknowledge that he himself is nothing and of himself really owns nothing, that to God belongs everything that is in the world, or ever will be in it, by the clearest and best of all titles, namely, creation; and that to be God's steward is the highest position to which any man can ever attain, and that all Satan's promises to the contrary are the hollowest of mockeries? If everybody would get these fundamental things clearly fixed in his mind and act accordingly there would not be much wrong with the world.

Hon. Mr. HUGHES.

During the past year Hon. W. D. Herridge has given his views on public questions to the people of this country from the lecture platform. Doubtless the honourable gentleman has some worth-while ideas on the subjects he discusses, but he manages to cover them over with such mountains of words that it is difficult to find them. In this respect he resembles somewhat our friends William Aberhart and Major Douglas. I think Mr. Herridge leans to the idea that the adoption of a democratic form of government would be a remedy for all the ills of our time. Somebody has said with considerable truth:

> For forms of government let fools contest;
> That which is best administered is best.

If the ills of the world are so simple that they can be cured by the general adoption of some particular form of government they need not worry anybody. Lloyd George, if I read his letters aright, also has great faith in democracy, but he is clear and specific. He would have the democratic nations, such as the British Empire, France and the United States, impose their form of government and their will on the rest of mankind, by force if necessary. This too would be a very simple, easily understood remedy, and I do not think Satan would object to it. When it becomes a fundamental principle of democracy, and is generally practised by the nations possessing that form of government, that every man is intrinsically equal to every other man in the sight of God, and has an inherent right to equal opportunities, democracy, though often a synonym for plutocracy, will have established a strong claim for general adoption. In the meantime, democracy is, I think, the best form for the English-speaking nations, and for as many others as wish to adopt it.

The attitude of the great democratic nations towards the League of Nations and kindred subjects appears to me to be peculiar. In 1919 they all, with the United States leading, formed a League of Nations and pledged themselves to intervene nationally and internationally, if necessary, to prevent future wars. Later the United States withdrew from the agreement, but France and Britain went on and induced many other nations to go on with them. In 1937 France and Britain took the lead in trying to induce other nations to join with them in a non-interference pact in regard to the world war in Spain. Both courses may have been justified by circumstances which I do not understand, but I think they will appear to the man in the street as being the result of expediency rather than of principle, and will prove to him that democracy would not be a cure-all for the ills

of the world. As I see it, Satan can work about as well under a democratic form of government as under any other form, and he is never as dangerous as when he assumes the garb of righteousness. For instance, he frequently enters homes and, under the pretence of promoting domestic felicity, dissolves the marriage tie, thus undermining the most important principle of all human society. Again he gets many Christians, even clergymen, to work against the entrance of God into the national schools, thus gathering many children and future generations into his net. It has been well said that "he goeth about like a roaring lion seeking whom he may devour."

It is now generally admitted that the League of Nations has been a failure. However, many say that if the United States had adhered to it, as it should have done, it would have been a success. I doubt this, and shall give my reasons for doubting. A temporary success it might have been, but, if Christianity is true, a permanent success it could not be. Once again, I have to quote the words of our Lord: "Without Me you can do nothing." Nobody even pretends that Christ was invited to the conferences that established the League of Nations, or to the conferences that drew up the Treaty of Versailles. And both the League and the treaty are gone the way the tower of Babel went. Should I be correct in saying that God's rightful place in the affairs of the world, or at least in the affairs of Christendom, is not so much doubted or denied as it is ignored? But is there any difference? Until Christendom, at least, learns to put first things first, I do not think it will get anywhere. Now it seems to me, and I hope I am sensible on this point, that the first thing Christendom has to do is to get itself united in spirituals, at least. That would be putting first things first. Some clergymen criticize the League for not having done more than it has. But are they in a position to criticize effectively while their own house is in such disorder? The world conferences and the other great conferences of the churches to promote unity, which are held or talked about from time to time, show the yearning of the human heart for such a desirable end. They also show that man has not entirely forgotten the earnest and beseeching prayer of our Lord and Saviour: "Father, I pray that they all may be one, as Thou, Father, in Me, and I in Thee, that they also may be one in Us: that the world may believe that Thou hast sent Me." That gives us hope. Yet the conferences accomplish very little, if anything.

There must be a cause for this, and surely it cannot be impossible for men of goodwill to discover it. As I see it, that cause is the endless number of sects or confessions into which Christianity has become divided, and the large number of divisions within many of the confessions, weakening and in some cases nationalizing Christianity, and leaving it unable to cope with great world or even national evils. What the future will be I know not, but I am certain of this: that Christianity will not perish from the earth, and that the Church which Christ founded, with which He promised to remain till the end of time, and to which He said He would send the Holy Ghost to be its companion and to guide it unto all truth, will not be overwhelmed. On one occasion our Saviour boarded Simon Peter's boat to cross the sea of Galilee. A great storm arose and the boat was covered with waves. His disciples awoke Him, saying, "Master, save us or we perish." He chided them for their little faith and then spoke to the winds. Immediately there came a great calm. His disciples wondered among themselves, saying, "What manner of man is this, for even the winds and the sea obey Him?" To the man of faith, Jesus Christ is still supreme Master and Ruler of this world. The winds and the sea still obey Him, and He will have the last word as He had the first, when He said, "Be light made."

The Address was adopted.

CANADA'S RAILWAY PROBLEM

NOTICE OF MOTION

The Hon. the SPEAKER: I have not had an opportunity of looking up the point of order raised by the honourable member from Parkdale (Hon. Mr. Murdock) with regard to the notice of motion by the honourable senator from Montarville (Hon. Mr. Beaubien). I would ask him to allow his notice to stand over until to-morrow, when I shall give my ruling.

Hon. Mr. BEAUBIEN: Certainly.

Hon. Mr. DANDURAND: So it does not go on the Order Paper.

Hon. Mr. CALDER: No.

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

THE SENATE

Thursday, February 3, 1938.

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

Prayers and routine proceedings.

CANADA'S RAILWAY PROBLEM

NOTICE OF MOTION

Hon. C. P. BEAUBIEN: Honourable members, yesterday I gave a notice of motion to which exception was taken. The matter was submitted to His Honour the Speaker, with the result that from a moral point of view I have won a beautiful victory; but, thanks to His Honour's ingratiating manner, I have conceded absolutely everything I could yield, and so my honourable colleague from Parkdale (Hon. Mr. Murdock) also has won a victory. I now give notice that at the next meeting of the House I shall move:

That in the opinion of the Senate the Government should be urged to settle the railway problem of Canada at an early date, in order to stop the ruinous loss made each year by the Dominion through the Canadian National Railways, and which already amounts to several billion dollars.

EXTERNAL RELATIONS

CREATION OF STANDING COMMITTEE

Hon. C. P. BEAUBIEN: Honourable senators, I give notice that at the next sitting of the House I shall move:

That a new standing committee of this honourable House be created, to be called the Standing Committee on Foreign Affairs, for the purpose of dealing with matters of international concern; and that the rules of the House be amended accordingly.

I think that, with the permission of the House, I should add just a word of explanation. Canada, willy-nilly, is drawn into the vortex of international affairs. We have in the Senate valuable sources of information concerning international affairs, but unfortunately these sources are denied to us because many of the matters involved are of such a nature that information with respect to them cannot be given openly in the House. At a meeting of the members of all the committees of the House this morning it was suggested, and I think the suggestion was accepted almost if not quite unanimously, that it would be advisable for the Senate to create a new standing committee for the purpose of dealing with international affairs, so that all the members of the House could get first-hand information with respect to such matters as they concern Canada. I need not tell honourable members that we have in our midst, in the leader of this House, probably the best informed authority on all matters of that kind, and I feel sure that if he were protected, so to speak, by the secrecy which would be obtained in such a committee he would be only too glad to give information of great interest to each and all of us. Besides, we have public servants of the highest competence, like Dr. Skelton, who could be called in; and perhaps the Prime Minister himself, if he could find the time, might greatly enlighten us on many important international affairs.

Hon. A. D. McRAE: Honourable senators, I know I am not quite in order in speaking to a notice of motion, but, as it deals with a subject to which I have given a great deal of thought, I ask the House to bear with me for a few minutes. I would say first that I am entirely in accord with the proposal for this committee; indeed I made a similar suggestion to this honourable House about two years ago. In the interval I have enlarged my views as to the matters that could be dealt with by such a committee, owing to my acquaintance with a number of issues on which our people are seeking opportunity to make representations to Parliament. One such matter, for instance, to which I referred earlier in the day, is the International Migratory Birds Convention, which has been so disappointing to our thousands of sportsmen throughout Canada. In my own province, I believe, we get a revenue of about $200,000 a year from sportsmen by way of licences. This year they had one week's shooting. They are very desirous of having some means of presenting their case here, and I think it would be helpful to all concerned, including the Government of the day, that a way should be open to them. Another matter that has been mentioned is the preservation of our wild life, which could come within the scope of this committee.

The suggestion I wish to leave to be considered when this matter comes up is that if the proposed standing committee is established it should include internal, external and all other affairs not within the jurisdiction of existing committees. It may be said that the practical method would be to appoint two additional standing committees, but I think that the one proposed would suffice for all these matters. That is the only suggestion I have to make, and I thank honourable members for letting me make it at this time.

BUSINESS OF THE SENATE—ADJOURNMENT

Hon. RAOUL DANDURAND: Honourable senators, I have been asked whether there would be any bills from the Commons to engage our attention at this time. I have inquired of my colleagues and am advised that nothing will be forthcoming for the next three weeks, and I have no firm promise that even then there will be important legislation for us to consider. From an examination of the matters to come before the Commons I have concluded that we could well afford to allow the members of this House who live

at a distance, east or west, an opportunity of returning home and attending to their affairs while the Commons are dealing with bills before submitting them to us. It may be said that the Government might have insisted on certain of its members relinquishing to this House some of the measures emanating from various departments, in order that the Senate might be kept occupied during the next few weeks, but on examining those measures the Government deemed it advisable to have them initiated in the House of Commons. A couple of the proposed Bills might have been introduced here, but as similar measures had already been dealt with in this Chamber and had not been discussed in the other House, I thought it as well that the Commons should have an opportunity of expressing their opinion upon them.

With this statement, I move that when the Senate adjourns this afternoon it do stand adjourned until Tuesday, March 1, at 8 o'clock in the evening.

Right Hon. ARTHUR MEIGHEN: Honourable members, there are two matters I should like to mention in relation to this motion.

The first has to do with the National Employment Commission. It may be that my information is not up to date, but I have heard it is intended to conclude the work of that commission immediately. I am informed that the chairman has handed in his resignation. I shall in a minute give the honourable leader of the Government (Hon. Mr. Dandurand) an opportunity of saying whether the chairman's resignation is to be taken as a prelude to the termination of the commission. I am not at all objecting if such is the case, much as I admire Mr. Purvis and believe he has done the utmost that could be accomplished.

The next point has to do with another phase of the honourable gentleman's remarks. It appears the Government is not disposed to initiate legislation at the present time, in the Senate anyway, and that this applies even in respect of a class of legislation which hitherto has had initial and very lengthy and earnest consideration at our hands. I refer at the moment to the small-loans legislation. I believe the intention is that some general bill shall be introduced in the Commons this session, shall wade through its long course there and then come to us. Everyone, of course, knows that the whole subject, arising as it did out of specific individual bills, was treated by the Banking and Commerce Committee of the Senate session after session with the utmost thoroughness. Witnesses were heard almost endlessly and, as we thought, a very intelligent conclusion was arrived at and submitted to the Commons; but there, at the hands of the Administration, it was summarily cast aside, and nothing was done about it. Now, we understand, it is intended to introduce a general bill in the Commons. We wish them well. But what is the object in our dealing, in the meantime, with individual measures anent the same question? One was brought before us the day before yesterday by the honourable senator from London (Hon. Mr. Little). If the Commons are taking up this subject in a comprehensive way, trying to better the work we have done in other years, why not let them deal with this individual measure too? Let them take the whole pie—crust, contents and all. To my mind we are going to work at cross purposes if the Senate attempts to deal with the bill of the honourable senator from London while the Commons have the general measure under review.

Those two points occur to me and I should like to hear from the honourable leader of the Government on them.

Hon. Mr. DANDURAND: I am under the impression that a bill similar to that which is now proposed by the honourable senator from London was dealt with by the Senate and sent to the House of Commons last session.

Right Hon. Mr. MEIGHEN: Yes.

Hon. Mr. DANDURAND: I confess that I was not consulted as to bringing such a bill again before this Chamber. I feel, like the right honourable gentleman, that perhaps our honourable colleague from London might retrace his steps and have the bill presented in the House of Commons, there to be dealt with either separately or with the general bill.

It was felt that when our legislation reached the House of Commons last session the general opinion of that House had not been educated to the point of passing an impartial judgment on it. This legislation is of a special character. Interest and other charges were objected to as being oppressive and usurious. We grappled with the problem and came to the conclusion that some of the figures were justified. Now, if the Department of Finance submits a general bill on the same line it will perhaps meet with the same objection in the House of Commons, in which event the committee there will have to make an investigation similar to that which we undertook last session, and will have at its disposal Mr. Finlayson, who, I think, supported generally the decision of the Senate in the matter. That is why I believe a general measure similar to the bill of last session, which was

not then studied to the same extent in the other House as in this, should be initiated there.

As to whether the National Employment Commission has concluded its work, I cannot give a definite answer to my right honourable friend, but I was under the impression that this was the case and that the commission would be dissolved. We are about to adjourn for a time. When we return to our duties I shall be in a position to inform my right honourable friend as to what will take place. I cannot state what is the policy of the Government in the matter.

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

THE SENATE

Tuesday, March 1, 1938.

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

Prayers and routine proceedings.

DOMINION FRANCHISE BILL
FIRST READING

A message was received from the House of Commons with Bill 2, an Act to amend the Dominion Franchise Act.

The Bill was read the first time.

Hon. Mr. DANDURAND: As this Bill is similar to one we passed last year, I would move, with the leave of the Senate, that the second reading be taken to-morrow.

Right Hon. Mr. MEIGHEN: The Bill is merely to extend the period of operation of the Act.

Hon. Mr. DANDURAND: Yes.

The motion was agreed to.

COPYRIGHT AMENDMENT BILL
FIRST READING

A message was received from the House of Commons with Bill 12, an Act to amend the Copyright Amendment Act, 1931.

The Bill was read the first time.

Hon. Mr. DANDURAND: I do not believe this is a Government bill.

Right Hon. Mr. GRAHAM: No; it is a private bill.

Right Hon. Mr. MEIGHEN: Is that Mr. Esling's bill?

Right Hon. Mr. GRAHAM: Yes.

Hon. Mr. GREEN: Second reading on Thursday next.

LORD'S DAY BILL
FIRST READING

A message was received from the House of Commons with Bill 13, an Act to amend the Lord's Day Act.

The Bill was read the first time.

Hon. Mr. DUFF: Explain.

Hon. Mr. DANDURAND: Honourable senators, this Bill does not emanate from the Government, but I think it was given unanimous support in the other House. Its object is to strengthen the application of the Lord's Day Act by adding to section 14 of the Act the following subsection:

> (2) Any person, being a director, an officer, a superintendent or an employee of a corporation, to whose direction or orders any employee is by the terms or conditions of his employment bound to conform, who authorizes or directs any such last mentioned employee of that corporation to carry on any part of the business of the corporation in violation of any of the provisions of this Act, shall be liable, on summary conviction before two justices of the peace, to similar penalties as those to which a corporation is liable under subsection one of this section or, for a first offence, to imprisonment for a term not exceeding three months and not less than one month, with or without hard labour, and for each subsequent offence, to imprisonment for a term not exceeding six months and not less than two months, with or without hard labour.

Of course I do not desire to take charge of the Bill. A member of the House of Commons who introduces a public bill should arrange with a senator to take charge of it in this Chamber so that it may be furthered here. Apparently this has not been done. I doubt whether this Bill will meet with much objection from any member of this House.

Hon. Mr. DUFF: May I suggest that the Bill stand until we have a chance to look into it? It is a very serious Bill.

Right Hon. Mr. MEIGHEN: Perhaps the honourable member would be satisfied if the Bill fell, instead of standing. I should be.

Hon. Mr. DUFF: It is possible that if it stands it will fall.

Hon. Mr. CASGRAIN: The Bill may be all right, but I see one very serious objection to it. There are many industries in Canada in which a continuous process is necessary. In sugar making, for instance, the work has to continue on the Sabbath. The same is true of the cement industry. The honourable member who sits beside the right honourable leader opposite (Hon. Mr. Ballantyne) knows about that. It is a continuous process, and if the machinery is allowed to cool it is a long time before the process can be commenced again.

I suppose everybody in this House is aware of the fact that it takes twenty-four hours to raise steam on a warship. The manufacture of alcohol, in which I am very much interested—

Some Hon. SENATORS: Oh, oh.

Hon. Mr. CASGRAIN: —is a continuous process. Only to-day I was speaking to a manufacturer of alcohol who said that if the process were not continuous the work could be carried on only two days a week.

Hon. Mr. McMEANS: I rise to a point of order. This whole discussion is out of order. The Bill has been presented, but not seconded. It is quite unusual to discuss a bill on the first reading. I have never heard of that being done.

Hon. Mr. MURDOCK: I think this Bill contains a principle which is in conformity with the Lord's Day Act.

Hon. Mr. McMEANS: I have raised a point of order.

Hon. Mr. MURDOCK: I move the second reading.

The Hon. the SPEAKER: The honourable gentleman from Winnipeg (Hon. Mr. McMeans) is quite correct. The discussion is out of order. Someone might move to have the Bill set down for second reading.

Hon. Mr. DUFF: Surely I am in order in suggesting that the Bill stand.

Hon. Mr. MURDOCK: I move that the Bill be placed on the Order Paper for second reading on Thursday next.

Hon. Mr. DUFF: If we carry this motion, it means that we adopt the principle of the Bill.

Some Hon. SENATORS: No.

Hon. Mr. DUFF: I am asking that this Bill stand until we have an opportunity of looking into it.

Hon. Mr. DANDURAND: It will stand only if it be set down for second reading. The motion is that the Bill be placed on the Order Paper to be read a second time on Thursday next. At that time the principle of the Bill will be discussed.

The motion was agreed to.

NATIONAL RAILWAYS AUDITORS BILL

FIRST READING

A message was received from the House of Commons with Bill 17, an Act respecting the appointment of Auditors for National Railways.

The Bill was read the first time.

Hon. Mr. DANDURAND: This Bill simply provides for reappointment of auditors for the Canadian National Railways, which must be done every year. With leave of the Senate, I move that the Bill be put down for second reading to-morrow.

The motion was agreed to.

SHIPPING BILL

FIRST READING

A message was received from the House of Commons with Bill 23, an Act to amend Part V of the Canada Shipping Act, 1934. (Sick Mariners and Marine Hospitals.)

The Bill was read the first time.

Hon. Mr. DANDURAND: I move that this Bill be put down for second reading on Thursday.

The motion was agreed to.

BUSINESS OF THE SENATE

On the motion to adjourn:

Right Hon. Mr. MEIGHEN: Could the honourable leader tell us what bills we may expect to have to deal with to-morrow, other than the two that have been put down for second reading? Neither of them should take much time, it seems to me.

Hon. Mr. DANDURAND: I was expecting to receive an important bill, but I am under the impression that it has gone to a committee of the other House. So I can give no answer just now.

Right Hon. Mr. MEIGHEN: I wish to suggest that we put down second reading of the Shipping Bill for to-morrow instead of Thursday. This is the first proposed amendment to the Shipping Act, which was initiated and reviewed in this House four years ago. I think it is rather significant that an Act of such complexity was in operation four years before any amendment was found necessary.

Hon. Mr. DANDURAND: With consent of the House we could rescind the motion which was passed and have second reading taken up to-morrow.

Right Hon. Mr. MEIGHEN: I think that would be well worth while. And I suggest that if the honourable senator to my right (Hon. Mr. Beaubien) is prepared to go on with one of the motions standing in his name, he might proceed before we take up the Shipping Bill, so as not to be delayed by our discussion of it.

Hon. Mr. DANDURAND: In the regular course of procedure his motion would have preference.

The second reading of Bill 23 was placed on the Order Paper for to-morrow.

DEFICITS OF CANADIAN NATIONAL RAILWAYS

Hon. J. P. B. CASGRAIN: Before the motion to adjourn is put, I should like to point out that according to an item in this morning's Gazette the revenue deficit of the Canadian National Railways for January was $1,510,753. The item says, in part:

> The statement of operating revenues and operating expenses of the Canadian National Railways all-inclusive system for the month of January issued here to-day shows operating revenues were $13,321,632, as compared with $14,043,352 in January, 1937. Operating expenses were $14,832,385, against $13,960,130 during the corresponding period of last year.

I am bringing this up now as a matter of urgency. I am sorry that I shall not be here to-morrow, for I have to attend a meeting of the Canada Steamships in the morning.

Honourable members will notice that in January of 1937 the operating revenue was in excess of the expenses, the respective figures being almost the reverse of those for January last.

Hon. Mr. MURDOCK: Honourable senators, following the cue given by the honourable the senior senator from Winnipeg (Hon. Mr. McMeans), I submit that this discussion is out of order, and particularly so since there is on the Order Paper a motion to be made to-morrow with respect to the whole railway situation.

Hon. Mr. CASGRAIN: Before the point of order is discussed, I suppose I may say a word. I hold in my hand a copy of La Revue des Deux Mondes, a very serious publication, which I see is in its 108th year. It contains an article that deals with the railway situation in France and discusses an Act recently passed there. The writer is one Louis Marlio, de l'Institut. So far only one Canadian has ever been a member of l'Institut, the late Rodolphe Lemieux, who was elected to succeed Cardinal Mercier. I find that railway conditions in France are similar to those in Canada: there is about an equal division between private and public ownership. The article is in French, and, as I know some honourable members are not as proficient in both languages as I am, I would suggest that it be translated into English, if the House will consent. It is long and would require some time to translate, but the work would be worth while because of the similarity between many of the conditions dealt with and those we have in Canada.

I bring this up as a matter of urgency; so I cannot be stopped by a point of order. The situation is certainly urgent, for we are losing a million and a half dollars a month, according to the statement in the Gazette. And this loss is on operations alone.

I do not know how to go about having the article translated, and I leave it to honourable members to say whether it can be done.

Hon. Mr. DANDURAND: I understand that my honourable friend will not be here to-morrow, when the honourable senator from Montarville (Hon. Mr. Beaubien) will move a motion with respect to our railway situation. I can state with assurance that the debate on this motion is not likely to close this week; at all events, it will not close to-morrow. My honourable friend will have plenty of time, after he comes back, to give us a résumé of the article—the meat of it—in support of any argument that he desires to make.

Right Hon. Mr. MEIGHEN: Having in mind the lamentable figures just recited by the honourable senator from De Lanaudière (Hon. Mr. Casgrain), I make this suggestion to him. He should spend the time between now and his return to the House in asking forgiveness for not having voted as I urged him to do two years ago.

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

THE SENATE

Wednesday, March 2, 1938.

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

Prayers and routine proceedings.

KENOGAMI RIVER DIVERSION PROJECT

CORRESPONDENCE

Hon. Mr. DANDURAND: I desire to lay on the Table copies of a communication dated March 1, from the Prime Minister of Canada to the Premier of Ontario, regarding the Kenogami river diversion project.

Right Hon. Mr. MEIGHEN: Is that supplementary to what was laid on the Table yesterday?

Hon. Mr. DANDURAND: Yes. It is dated the 1st of March.

Right Hon. Mr. MEIGHEN: A subsequent letter?

Hon. Mr. DANDURAND: Yes.

Right Hon. Mr. MEIGHEN: Does that end the letters?

Hon. Mr. DANDURAND: I am under the impression that it does.

CANADA'S RAILWAY PROBLEM

MOTION—DEBATE ADJOURNED

Hon. C. P. BEAUBIEN moved:

Be it resolved, that, in the opinion of the Senate, the Government should be urged to settle the railway problem of Canada at an early date in order to stop the ruinous loss made each year by the Dominion, through the Canadian National Railways, and which already amounts to several billion dollars.

He said: Honourable members, I crave the indulgence of the House while I attempt to support my motion by a brief for the forgotten taxpayer of this country. Now that we have reached the promised land of prosperity, the taxpayer clamours for relief. He is entitled to sympathetic consideration. Throughout the depression he has done his duty bravely and without complaint, though he has had to carry a heart-breaking and ever-increasing load.

Time and again it has been affirmed that the public indebtedness of Canada exceeds eight billion dollars. I confess that to me, at all events, a figure of that size, almost astronomical, conveys but a vague impression, and it is only by breaking it down and applying it to every member of the community that I can get a fair idea of what it means to our population. By this process I come to the conclusion that every standard family of five in the country is answerable for $3,500 of public debt. I remember that Mr. Godbout, who was for many years Minister of Agriculture and afterwards Prime Minister of Quebec, used to say that the average farmer in that province was worth $8,000. That included the value of his farm, his implements and everything else that he owned under the sun. Now you see, honourable senators, that against the possessions of such a farmer, at the head of a family of five—often the family numbers as many as ten—there is a liability for $3,500 of public debt.

Hon. Mr. HUGHES: Is that the federal debt or the total?

Hon. Mr. BEAUBIEN: The total public debt.

The Government proclaims that under its guidance we have come back to plentiful years. There is no denying that the federal revenue has reached an unprecedented figure. It will exceed $525,000,000 for the year. But this, of course, also means that federal taxation has reached its highest peak in Canada. To the sum that I have mentioned must be added the provincial tax, which, according to the Canada Year Book for 1936, is $175,000,000. Then there are the municipal taxes. The Citizens' Research Institute, in February, 1937, states that they aggregate $225,000,000. Add these together and you get a total of $925,000,000. So it has come to pass that the average Canadian family of five has to provide for federal, provincial and municipal governments no less than $420 a year, before setting aside anything for the necessities of life.

It is difficult to conceive that in a democratic country, under government by the people for the people, the taxpayers should be so abused. Why has this come about? The reason is that the taxpayer is not merely the forgotten man, but the unknown man.

The masses think that taxes are paid by the rich. Many people have accepted, almost with glee, the slogan, "Soak the rich." But, honourable senators, the taxpayer is not, and cannot be, the rich man alone; he is the consumer, rich or poor, wherever he may be. A glance at the federal revenue and its sources is sufficient to demonstrate this truth. The customs, excise and sales taxes and most of the income tax, at least that portion provided by corporations, are passed on from hand to hand, in the course of business, until they reach the consumer. This is also true of a large portion of the income tax paid by individuals. Professional and business men pass on their income tax, or as much of it as they can, like the rest of their expenses, to their clients or customers. The income tax, in its higher brackets, is steep to the point of frightening capital away from the country, yet it provides but a small proportion of the national revenue.

It is a pity that taxes are indirect and, therefore, invisible. Otherwise the people would soon learn that what they take from the public funds with one hand they must replace with the other. So long as the tax collector, hidden in every store or shop and in every nook and corner where business is transacted, continues stealthily and invisibly to snatch incessant contributions from the public, so long shall we have excessive expenditure, and finances in jeopardy.

Federal taxation is predicated on consumption; which is a fair principle. The rich consume more and therefore pay more than the poor. Besides, the cost of administering the country is so heavy that it would crush any class or section and can be borne only if apportioned on all the people. So in raising my voice for the forgotten taxpayer I am conscious that I plead not for a class nor for a section, still less for any one party against another party, but for the whole nation. I am tempted to say the forgotten nation, since per capita the Canadian people have the largest public debt and the heaviest taxes in the world.

It is but natural that the people, having done their full duty without complaint during the depression, should now clamour for relief. What chance is there that they will get any? The heavy load at present carried by the federal exchequer is bound to grow in certain respects. Our expenditures on armaments, for example, if not enlarged this year, will probably be enlarged in future. The same is surely true of old age pensions. We were given a premonition of that, a day or two ago, by the honourable the Minister of Finance. By 1951, if we maintain the present system, we shall be spending more than $60,000,000 under this head.

Besides there are crying needs in the land. Municipalities by the score are crushed by unemployment contributions. The Federal Government will in all probability have to come to the rescue and assume a larger share of unemployment relief, for the chief resource of the municipalities is taxation on real estate, and that is already so high that it cannot be increased. Recently mayors of Ontario cities were menacing the Government with the big stick, seeking to be relieved of some part of this burden. Yet the country at large has already paid for unemployment relief no less than $600,000,000.

But that is not all. The Western Provinces are tottering on the brink of bankruptcy. They have been flayed by two calamities at the same time—drought and depression. There is no doubt that our sympathy is with them and that the Federal Government will come to their rescue handsomely. To what extent, I would not dare to estimate. However, the amount needed cannot but be very large. More than one-half the revenue of Manitoba is absorbed by interest on its debt, and more than half the population of Saskatchewan are now living on unemployment relief. What the essential needs of the three Western Provinces will be, the Rowell Commission will no doubt state. But help we must and shall provide ungrudgingly.

This is the most proper time to remember what the West has contributed in the past to the prosperity and welfare of Canada. Its unequalled development since the beginning of the century has helped to bring about, in no small measure, the industrial and financial growth of the country. In return for the constant outflow of its golden wheat from our shores has come the inflow of golden coin to the land, resulting in a measure of greater well-being and comfort for each and every one of us. It is no less fitting to realize that what the West has done in the past it can repeat in the future. The pluck and optimism of the Westerner are wonderful. The great Western courage and the great Western plains are treasures for us, both moral and material. But whatever the West has been in the past and whatever it may mean in the future, it is more important for us all to consider what the West is at present. The Western people are part and parcel of our Canadian family. The fact itself is amply sufficient to justify the generous and sympathetic help which the nation can provide. The spirit of the East, if it exists, should be brushed aside and replaced by the spirit of Canada, which alone can enable this country to achieve the full stature of its destiny.

But the forgotten taxpayer rightly fears what this additional help for the West will mean for him in increased tax burden. As I have remarked, the Rowell Commission will no doubt say what it will be, but in the meantime we cannot forget that during the last five years the exchequer has had to lend to these provinces the sum of $127,000,000.

The Liberal Government has taken a leaf from the programme of its predecessor. It is committed to unemployment insurance. If it hesitates, as it rightly may, to request an amendment to the Constitution against the wish of certain provinces, it will no doubt proceed otherwise, for steps taken in a matter of this kind are hard to retrace. What the costs of this new departure will be and what proportion of the population it will cover, I do not know. However, if the scheme is no wider in scope than that adopted by Parliament in 1935, it will impose upon the federal treasury an annual charge exceeding $50,000,000. It is wise for us to ascertain what is spent under this head in other countries. May I call attention to the present outlay of the British Government? The last annual return of State expenditure on public social services in Great Britain, published in December last, reads as follows:

Payable to workers under unemployment insurance scheme.. ..	£52,111,000
Unemployment allowances and transitional payments (the real dole)..	£46,855,000
	£98,966,000

This is equivalent to almost $500,000,000. If reduced to the scale of our population, this would mean a yearly outlay of $125,000,000 for unemployment insurance in Canada. On the assumption that wages and the standard of living are much higher in Canada than in Great Britain, this amount of $125,000,000 should be considered as a minimum. In fact, our probable expenditure has been estimated at anywhere from $150,000,000 to $165,000,000.

And this is but the first step, to be followed by many others through the propagation, within the land, of the new philosophy of social service. Indeed, when we have provided security to part of our urban population and protected the source of their livelihood, by what equitable argument and for what time can we refuse the giving of similar assurance to our rural population? This no doubt will entail crop insurance, at a colossal additional cost.

Besides the expenses that stare us in the face, there are others which, if not as apparent and immediate, are just as unavoidable. As an example, may I refer to the promises made during the recent election campaign in the constituency of St. Henry, in Montreal, when ministers virtually bound themselves to fill the hole bored in the heart of Montreal for the Canadian National terminals. This would call for the expenditure of millions for the decent burial of millions improvidently spent in the past. However, I do not wish to bring political controversy into this discussion. Both parties have been responsible for extravagance in the past. I need only think of the Hudson Bay Railway to remind myself of that. All I want to do here is to make clear to the House that, apart from expenditures plainly discernible at present, there remains the wide-open field of political exigency. This is the price we must pay for democracy; the price for even-handed justice and liberty for all, and the privilege we enjoy of looking other nations in the face, with heads up, as free men.

This prompts me to state what I trust no one, at least in principle, will dispute. Whatever else we may be forced to do, we can and must practise the strictest possible economy in the administration of public affairs. I am aware that of the ordinary expenditure of the country less than twenty per cent is susceptible of retrenchment, and that only to a moderate degree. As to our extraordinary expenditure, the position is totally different. We have still practically the full-flow wastage of the Canadian National Railways. Is it not time for the Government at long last to do something in that respect?

This is the background against which I have thought proper to set up the argument I now submit on our railway problem, a problem which the Senate thought it its duty to consider thirteen years ago. It did so in an atmosphere from which was banished every motive other than the desire to serve the vital interests of the nation. As that problem has with time grown singularly more ominous and pressing, this honourable House will no doubt be willing to consider it anew in the same spirit, with the same competence, and again with the sole desire to give help in a moment of need. In what I shall say I want it clearly understood that I have no wish nor reason to blame the president, the board, the officers or the personnel of the Canadian National Railways. I hold them to be men of high standing, competent, industrious and loyal. The fault is not theirs. In my opinion they are pitted against impossible conditions.

The railway debt of Canada has grown to huge proportions. It has passed the $3,000,000,000 mark and constitutes more than half of our federal indebtedness. Let me quote a paragraph from the Duff report on the capital structure of the Canadian National Railways:

> At December 31, 1931, the long-term debt of the Canadian National Railways due the public (funded debt unmatured) amounted to $1,276,457,207. The money invested subsequently in loans to the Canadian National Railways to meet annual deficits, interest accrued on these loans, and deficits on Eastern Lines, together total $1,393,469,164. The total of these two sums is $2,669,926,371.

To-day our continual contributions for loans and deficits exceed $1,724,000,000.

Our $3,000,000,000 railway investment is not only totally unproductive of interest; it increases by an average of more than $100,000,000 a year. This huge amount of $3,000,000,000 must cost Canada at least two and one-half per cent in yearly interest, which totals $75,000,000, besides an annual deficit, which last year amounted to $40,000,000. Where will all this lead us to?

Let me direct the attention of the House to the concluding paragraph of the Duff report:

> We feel compelled, as a matter of public duty, to strike a serious note of warning to the people of Canada. Unless the country is prepared to adopt the plan we have proposed, or some other equally effective measures, to secure the efficient and economical working of both railway systems and thereby not only reduce the burden on the federal treasury but improve the financial position of the privately-owned railway, then the only courses that would be left would be either to effect savings in national expenditure in other directions, or to add still further to the burdens under which the industries of the country are suffering by the imposition of yet further taxation. Failing the adoption of one or other of these courses, and there are obvious limits to their application, the very stability of the nation's finances and the financial credit of the Canadian Pacific Railway will be threatened, with serious consequences to the people of Canada and to those who have invested their savings in that railway.

Every year since this report was drafted experience has added to the truth and gravity of its warning, and public opinion is being aroused more generally and more intensely every day. At its annual convention, held on

the 30th of October last, the Federation of the Chambers of Commerce of the Province of Quebec, grouping together no less than forty boards of trade and chambers of commerce, adopted the following resolution:

Whereas a Royal Commission on railway and transportation in Canada, comprising men of international reputation and outstanding merit, submitted a report on September 13, 1932, designed to remedy the situation, admitted by all to be of potent concern to Canada's welfare;

Whereas said report was prepared after this Commission had conducted a searching inquiry from coast to coast, and after it had heard all interested parties and public bodies who had representations to make;

Whereas five years have passed since then, and no subsequent progress has been achieved towards a solution of this problem, which weighs so heavily through taxation on the people of Canada, on its commerce and industry;

Whereas it is the urgent duty of the Government of Canada to find proper and effective remedies in the circumstances, either along the lines suggested by the Royal Commission or in some other way;

Be it resolved, that representation be made to the Government of Canada urging the pressing necessity of adopting effective measures to secure the most economical operation of Canada's railway systems, in order not only to eliminate the deficits of the Canadian National Railways, thereby reducing the drain on the federal treasury, but also to improve the financial position of the privately-owned railway, whose good credit means so much to Canada as a whole.

On the 12th of November last, at the annual convention of the Ontario Associated Boards of Trade and Chambers of Commerce, which represents over forty boards of trade and chambers of commerce in that province, the following resolution was passed:

Whereas the annual deficits of the Canadian National Railways have amounted, since 1923, to the staggering total of $960,663,109;

And whereas these deficits, of recent years, have not been subject to the reduction anticipated in the report of the Duff Commission;

And whereas the evidence adduced before the said Commission indicated that only by the adoption of a system of co-ordination and co-operation or by the adoption of a system of unification for operating purposes could reductions in the annual deficits of the National system be effected;

And whereas it was estimated by expert witnesses before the Commission that the former method of effecting economies in operating cost would result in savings of $30,000,000 annually and that the latter method would result in savings estimated to amount from $56,000,000 to $75,000,000 annually;

And whereas the said Commission recommended the adoption of the plan for co-ordination and co-operation which, subsequently, was put into effect;

And whereas during the five years of the operation of this plan the actual savings effected averaged approximately $1,200,000 annually instead of the amount of $30,000,000 annually as estimated;

And whereas it is in the vital interest of the Canadian people that the Government of Canada should explore all avenues which would lead to a more substantial reduction or to complete elimination of the present annual deficits on the operation of the National Railway System;

Be it resolved that this annual meeting of the Ontario Associated Boards of Trade and Chambers of Commerce urges upon the Government of Canada the vital need of further consideration of the proposals made to the Duff Commission, and of a further examination of all potentialities for effecting economies in the operation of the National System which would reduce the present severe drain upon the taxpayers of the Dominion resulting from the said annual deficits of the Canadian National Railways;

Provided that due consideration be given to the provision of adequate compensation for railway workers whose employment might be affected thereby.

Now I submit to you the recommendation of all the chambers of commerce and boards of trade in the Dominion of Canada. At Vancouver, in the month of September last, the Canadian Chamber of Commerce, which comprises 150 boards of trade and chambers of commerce hailing from every province and from almost every important centre in the Dominion, adopted the following resolution:

The Canadian Chamber of Commerce has long urged upon the Government of Canada the necessity of taking action to deal with the railway problem. The Chamber has observed with profound dissatisfaction the fact that negligible progress has been made in achieving the objective desired. The Chamber considers that the continuing burden of railways' costs remains as the chief threat to the stability of our public finances.

The Canadian Chamber of Commerce, in convention assembled, with all the emphasis at its command now urges upon the Dominion Government to take resolute and constructive action to solve the railway problem and thus relieve the burden now resting upon the people of Canada in this regard.

In my opinion it would be difficult to conceive of a body of men of business more important than that which is represented by the Canadian Chamber of Commerce. Certainly there is none that provides the exchequer with a larger amount by way of taxes every year.

And what about public opinion? Everywhere throughout the country you now hear more frequently—and the assertion becomes louder every day—that there must be prompt and resolute action with respect to this problem. Even those who are directly responsible for the settlement of the problem have admitted its gravity and urgency. Everyone will remember what the Right Hon. Mr. Bennett said when he was in office. He said that if the financial integrity of this country

was to be preserved this problem had to be settled without any further delay. The Government that followed took no other position. Two years ago Hon. Mr. Howe, speaking in the Railway Committee of the House of Commons, said that it was unreasonable to expect the Canadian nation to continue to pay $50,000,000 every year for deficits of the Canadian National Railways. Further, Hon. Mr. Howe said that it was the duty of the Government to lift this load off the backs of the taxpayers of Canada.

Well, honourable members, what happened? The Bennett Government endeavoured to implement the conclusions of the Duff report. It did not meet with a great deal of success, perhaps, but although it had not much time at its disposal, it did make some retrenchment. What has the present Government done? I will not say that the Government has thrown its responsibility upon the hands of time. The Government trusted Providence, trusted to the return of prosperity, and it said that with the return of better times and greater activity of business the difficulty would disappear. Well, honourable members, we have just recently had the reports of the various banks as delivered at their annual meetings—one of the last being submitted by the honourable the leader of this House—and I think I can say without danger of being contradicted that nearly all of them have demonstrated that we have now reached the shores of better times. I am going to give you one of the typical testimonies in that respect. This is what Mr. Morris W. Wilson, President of the Royal Bank, said on the 31st of January last:

> During 1936 the rate of recovery in Canada was phenomenal, and the high level attained in that year was maintained in 1937. In spite of the moderate recession at the end of the year, induced by uncertainty of the business outlook in the United States, the volume of activity in most lines of business compares not unfavourably with the record year 1929, and in many lines, particularly mining, new high records have been established. . . .
>
> The manufacturing industries of Canada continued to operate at high levels during 1937, and in October the volume of production established a new record, exceeding even the highest point attained in 1929.

However, Mr. Wilson says this in respect of the Canadian National Railways:

> Notwithstanding the materially better conditions that ruled during the major part of 1937, the railways received only slight benefits. Increased gross revenues were largely absorbed by increased operating expenses, and the year will probably result in only a small reduction in the heavy operating deficit of the National Railways. This is distinctly discouraging and only serves to emphasize the unwisdom of expecting the situation to right itself through increased traffic rather than through a more intelligent handling of existing traffic by the elimination of duplicating and overlapping and uneconomic services. The patience of the Canadian taxpayer in this respect is almost beyond understanding.

Well, honourable members, notwithstanding the fact that we have had better times for two years, where do we stand with respect to the Canadian National Railways? We are still mulcted every year to the extent of more than $100,000,000: $40,000,000 for deficits and at least $75,000,000 for lost interest on our railway investment.

What has the Government done? Here again, I am tempted to criticize the Government; to say, perhaps, that it has adopted the policy of Mr. Micawber, in "David Copperfield," who waited for something to turn up. But I will not do that. In my opinion it would be too grave an accusation to say that the Government has complacently allowed Canada to bleed to the extent of $100,000,000 every year without doing anything to staunch the hemorrhage. That would be accusing the Government of heartless criminal negligence. The truth, I think, is different. I think the Government has been searching for a remedy without being able to find one. I am encouraged to think so by what Hon. Mr. Howe said recently at Moncton. In receiving a protest requesting immediate settlement of the problem he said the pity was that no useful suggestion had been made.

Well, honourable members, I am now going to offer to the Government a suggestion unanimously made by this House in 1925, when conditions were not at all as grave as they are to-day. It seems to me that if the Government would listen to good advice it surely would consider carefully the recommendation made by the Senate after the most thorough investigation, perhaps, ever made in this country; an investigation in which the best minds of the country—the best railway experts and the best business men—were called upon to contribute fully and freely behind closed doors. At the close of that investigation the Senate recommended joint managership—something which did not disturb the property in either railway company, and which left no ground for the contention that it was impossible to unscramble scrambled eggs. The Senate was very wary of that, and recommended only unification of management. If I may, I shall refresh your memories by reading the conclusion of this honourable House, and I shall do so with pride. Here is the project suggested by the Senate:

> That both the Canadian Pacific Railway and the Canadian National Railways should be placed under the management of a Board of

fifteen directors, five to be named by the Canadian Pacific Railway, five to be named by the Government, and these ten to choose five proven, capable business men to complete the Board; these last five directors to hold office for ten years and to be removed only for cause.

The resolution goes on:

The merging of the two railway systems for purposes of operation and administration as above will remove or dispense with duplication in railway tracks and rolling stock, in passenger and freight services, in railway stations from the Atlantic to the Pacific, in telegraph, express, and other services, in offices, in accounting and bookkeeping, in numerous other special offices and staffs, in administration boards, etc., etc., and thereby and otherwise save an enormous amount of money to the country. . . .

Your Committee is of the opinion that the railway question is one of extreme importance and of the utmost urgency; that the constantly increasing public obligation on railway account is approximately two million dollars per week, and that until this problem is settled in some way which will reduce the present enormous expenditure there can be no relief from taxation which is bearing so heavily on all classes, nor can there be any move towards the reduction in rates and fares so essential to the prosperity of every inhabitant of Canada.

The conclusion of the committee was that if the policy suggested by it were adopted there would be a saving, as estimated by Sir Henry Thornton, of $60,000,000; by Mr. Fairweather, the expert in economics of the Canadian National Railways, of $56,000,000, and by Sir Edward Beatty, of $75,000,000. Surely no more dependable appraisal could be made. The representatives of the Canadian National Railways, at all events, did not want joint managership, but they had to admit the undeniable truth.

Time has given greater authority to the policy propounded by the Senate in 1925, and its echo has gradually spread from one ocean to the other. My present purpose is to show how people throughout the land have rallied to the judgment of this honourable House. The Senate is not often given its due, but in this case, unless I am much mistaken, the members of the Government, willy-nilly, will have to bow to the Senate and thank it for having found the only possible solution of this terrible problem.

Now, how has the policy propounded been received? First of all, it has rallied to its support the opinion of the President of the Canadian Pacific Railway. That is something. May I read what Sir Edward Beatty said in 1933 when addressing the Canadian Club of Toronto:

The next step in our effort to inform ourselves about the railway situation came in 1925 when a special committee of the Senate conducted a protracted, if informal, investigation. I sometimes wonder if the people of Canada as a whole realize the quality of work done by the committee of the Senate, or the ability of these elder statesmen shown in their for-the-most-part impartial and conscientious study of the questions submitted to them. They have the great advantage of being members of a body which is removed from the atmosphere of active partisan politics; have, individually, had great experience in business and, in many cases, have graduated from the political arena, and are, therefore, experienced in public affairs and generally judicial in their consideration of national and economic problems. While the Senate's deliberations were extended, their conclusions were brief and to the point.

After reading the conclusions of the Senate resolution, Sir Edward added:

The report of the Senate was not acted upon, largely, I imagine, because conditions improved and with them railway revenues, and we entered upon the next few years of fictitious prosperity and free spending, which has had a substantial influence upon the severity of the present depression. The report consequently did not receive consideration by the directors or shareholders of the Canadian Pacific. What their attitude towards it would have been I do not know, but I am venturing to bring its provisions to your notice because the seven odd years which have since elapsed have amply justified their apprehensions and their estimate of the consequences of continuing the then and present method of operation of the Government system.

In certain quarters Sir Edward's words will be accepted with some suspicion that they were prompted by his company's interests.

Hon. Mr. DANDURAND: Where was that speech made?

Hon. Mr. BEAUBIEN: Before the Canadian Club of Toronto, on January 16, 1933.

Everyone must admit, I think, that in his several utterances Sir Edward Beatty has been as fair and frank as he has been forcible and convincing. He never sought for the Canadian Pacific what he did not ask for the Canadian National. His plea was for both companies; his plea was for Canada. No doubt he was loyal to the Canadian Pacific, but he was no less loyal to the Dominion. After all, honourable senators, our two railways are the very arteries of the nation and they must be one with it in strength or weakness.

It must be remembered that the head of the Canadian National considered the Senate's suggestion would mean a yearly saving for Canada of $60,000,000. However, there are experts on economics and transportation, professors in our universities, absolutely independent of the railways, who have studied with care the nation's problem No. 1 and pronounced themselves thereon. They speak with the highest competence and authority.

May I quote Professor Leslie T. Fournier? Since 1928 he has been associated with Princeton University, where he lectures on

transportation, public utilities, government and business. For years he has probed our railway situation, and in January, 1935, he published in the Financial Post a series of remarkable articles which were an able and exhaustive study of his subject-matter. He concluded, in part, as follows:

But one has only to study the operating results over a period of years to realize that the policy of developing a strong government railway system as a competitor of the Canadian Pacific has proved to be extremely costly and uneconomic. Nor does there appear to be any escape from the huge deficits of the Canadian National as long as it is operated as a competitor of the Canadian Pacific.

The fact is that there is not enough traffic on Canadian railways to support a competitive railway structure.

This was true eleven years ago when the Canadian National administration began to build up the services and properties of the system in order to strengthen its competitive position. It is infinitely more true to-day because in the meantime there have been capital expenditures of over $800,000,000 on the two properties, while the volume of traffic is far below the level of 1923.

Therefore, if past standards of railway service are to be preserved, and if the burden of cost on the taxpayer from the deficits of the Canadian National is to be reduced, there must be a cessation of competitive railway operation in Canada. This is the most important lesson that can be derived from the experience of the past fifteen years.

In a book published subsequently, under the title "Railway Nationalization in Canada," Professor Fournier writes as follows, at page 347:

As it becomes generally evident that adequate savings cannot be achieved by co-operation, it may be expected that the demand for a more effective solution of the railway problem will grow. In the writer's opinion, unified management of the two systems is a means whereby annual economies of fifty million dollars or more are possible. It is a logical solution of the railway problem, because it is the only proposal which offers the promise of adequate economies and because it would provide a sound basis for the future development of railway transportation in Canada.

Mr. W. T. Jackman, Professor of Transportation at the University of Toronto, speaking in that city on the 20th of January last, said in respect of the cost of operating the Canadian National Railways:

For every dollar paid for that railway's service, there was an additional fifty cents paid for its financial defaults.

Let us note the financial record of the Canadian National. At the time the roads included in this system were taken over from their private owners by the Government, in 1917-20, the funded debt due to the public was $810,000,000 and the amount on Dominion Government account was $524,000,000, or a total of $1,334,000,000; but by 1936 the funded debt due to the public was $1,185,000,000 and the Dominion Government account including deficit contributions was $1,948,000,000, or a total of over $3,132,000,000. This shows an increase of liabilities to the end of 1936 of about $1,800,000,000.

The net income deficit of this system before taking account of interest on Dominion Government loan averaged, in 1932-36, $52,541,000 and the unpaid interest on these Government loans averaged about $36,000,000. These are the figures obtained from the railway's annual reports. From the same source we learn that the total net loss for 1932-36 was $496,242,111, or an average annual loss of over $99,000,000.

Professor Jackman is quoted as favouring unification of management, in the following terms:

Noting some of the objections to unified management of the two railways, Professor Jackman stressed that it did not mean amalgamation. "Amalgamation" means combined ownership of two or more properties, while unified management means the combined operation of these two systems, leaving the ownership as it is.

The stage had long been passed, the speaker held, when it was considered that "competition is the life of trade" so far as public utilities were concerned. "Rather is it the death of trade," he thought.

Stressing the advantages of unified management, Professor Jackman said it would eliminate the expense of operating a large amount of mileage which is unnecessary. The Duff Royal Commission in 1932, he recalled, had reported there were 4,000 miles of unnecessary lines.

Of course, he commented, the existence of this large amount of useless mileage means that stations along the line, together with their officers and attendants, the unprofitable train operation, the expenditure for fuel, the depreciation of equipment, the expenses of road maintenance, etc., produce a vast waste which is not offset by revenue.

No community would be deprived of reasonable transportation facilities and services, he pointed out, but added that where two lines of railway parallel each other for long distances and are almost within a stone's throw of each other, the operation of both lines is a "gross extravagance."

Unified management would also eliminate large amounts of duplicate overhead expense, too, he continued. There would be no need for two terminals, "with their heavy expenses of maintenance and operation" at Montreal, Winnipeg, Vancouver and other cities, no need for duplicate accounting and office staffs all over the country, no need for two competing groups of freight solicitors, for two separate supervisory staffs, for two independent tariff-issuing services with the great cost connected therewith. Instead of duplicate express, telegraph and hotel services and advertising expenses, these could be performed at least as effectively and with great economy under one management.

I could also quote to the same effect Mr. Swanson, Professor of Economics in the University of Saskatchewan; but I shall refrain, so as to condense my argument as much as possible.

How has public opinion responded to the policy propounded by the Senate and, in 1933, voiced by Sir Edward Beatty? Let me quote editorials of newspapers in various parts of the country, which, I take it, were a fair indication of public opinion. These commentaries appeared between the 16th and 19th of January, 1933.

Hon. Mr. DANDURAND: What year?

Hon. Mr. BEAUBIEN: 1933.

Hon. Mr. DANDURAND: Oh, 1933?

Hon. Mr. BEAUBIEN: I have others very much more recent, which I shall quote later.

The Toronto Telegram said:

As put by the President of the C.P.R., the choice before Canada seems to be whether this country would best be served by two insolvent railroads or by one solvent road. The natural preference would be for two solvent systems, since belief in competition and public ownership is not dead, and since it is generally recognized that the privately-owned road has other claims to this country's benevolence than as its greatest taxpayer. But if overbuilding and overoperating means present ruin to both if separately operated, how is the gap to be bridged between the present period of depression and that indefinite time in the future when increased population and increased business will tax the capacity of every foot of rail?

The Ottawa Citizen concluded a general survey of the amalgamation proposals with the following paragraphs:

Mr. Beatty's view that the railways should be amalgamated into one system with one management is obviously in accordance with the general movement, as it is coming throughout the world, toward industrial reconstruction. There will doubtless be much debate about whether one system should be under private or public ownership, control and operation. Actually there is a far more vital issue to be settled. The people of Canada need to decide whether they are to continue to have the financial means to enjoy the benefit of an essential railway service.

The nature of the management is important, but it has been demonstrated that Canada can have efficient railway management with national ownership as well as with private ownership. When the people had money, they enjoyed the privilege of railway service under both plans. At present they are apparently confronted with the possibility of having neither, unless the necessary steps toward financial reconstruction are taken.

Now let us look at what was said by a paper in British Columbia. In the Colonist, of Victoria, appeared this statement:

The new Budget introduced in Parliament a few days ago provides for some economies. It may be doubted if they are sufficient to avoid the necessity for further taxation. It is well, however, to know that Mr. Bennett is fully seized with the difficulties attendant on any fresh taxation. He has been speaking in plain language on this matter, as well as on the subject of the imperative necessity of finding a solution for the railway problem. As far as the latter is concerned what is done during the present session will have an important bearing on the future, for good or ill. The present legislation is regarded in many quarters as a mere palliative and not as a solution. No palliative will substantially reduce the $1,000,000 a week which the taxpayers have to contribute to state ownership. On the other hand unified control, as proposed by Mr. Beatty, would mean the introduction of all those economies which are essential. Mr. Beatty's plan is substantially the same as that which a special committee of the Senate endorsed and recommended after careful study in 1925. The conditions in that year seemed to warrant unified control. How much more so do they at present after the experiences through which the two transcontinental railway companies have been passing. It is a significant thing that the preponderance of newspaper comment throughout the Dominion is favourable to unified control. The House of Commons in considering the matter has a responsibility to do what is best for the country, irrespective of party political considerations.

Hon. Mr. DANDURAND: What year was that?

Hon. Mr. BEAUBIEN: 1933. A great number of newspapers at the same time, that is, from the 16th to the 19th of January, 1933, expressed their views much in the same strain, all being very insistent on immediate action by the Government. I will not weary the House by quoting further from these newspapers. I will simply give a list of them and call attention to the fact that they cover practically every section of the country. This is the list: Montreal Gazette; Halifax Herald; Halifax Chronicle; Saint John Telegraph-Journal; Hamilton Herald; Mail and Empire, Toronto; Border Cities Star, Windsor, Ont.; Kingston Whig-Standard; Vancouver News; Quebec Chronicle-Telegraph; St. Catharines Standard; Woodstock Sentinel-Review; Sherbrooke Daily Record; Sault Ste. Marie Daily Star; London Free Press; Daily Times, Trail, B.C.; Lethbridge Herald; Port Arthur News-Chronicle; Brantford Expositor; Galt Reporter; Regina Leader-Post; Financial Post; Vancouver Sun; La Presse, Montreal; Calgary Albertan; Prince Albert Herald; Kitchener Record; Family Herald and Weekly Star, Montreal; Canadian Labour Leader; Guelph Daily Mercury; St. Thomas Times-Journal; The News, Medicine Hat, Alta.; The Times, High River, Alta.; Farmers' Advocate, London, Ont.; Post-Record, Sydney; The News, St. Johns, P.Q.; Lindsay Post; Moose Jaw Times; The Province, Vancouver, B.C.; British-Columbian, New Westminster, B.C.

Hon. Mr. DANDURAND: Are they all of 1933?

Hon. Mr. BEAUBIEN: Yes. Now I come to 1935.

Right Hon. Mr. MEIGHEN: Does the honourable gentleman say all those papers support him?

Hon. Mr. BEAUBIEN: Yes, they are in favour of joint management.

Right Hon. Mr. MEIGHEN: Including the Regina Leader-Post?

Hon. Mr. BEAUBIEN: As further indicating public opinion, I have at hand editorials of the same nature published by Canadian newspapers in 1935, and again in the latter part of 1937, and even within the last few weeks. These articles appeared in the last days of January or first days of February, 1935, in the following papers: Ontario Grower, Hamilton, Ont.; Vancouver Sun; Brantford Expositor; Calgary Herald; Daily Colonist, Victoria, B.C.; Telegram, Saint John, N.B.; Calgary Albertan; Sarnia Observer; Sherbrooke Record. The last series was published in December, 1937, and January, 1938, in the following publications: Chilliwack Progress; Windsor Daily Star; Moose Jaw Times-Herald; Scarboro Post; Regina Leader-Post; Quebec Chronicle-Telegraph; Toronto Telegram; Brantford Expositor; Chatham Daily News; Mercury, Guelph; Montreal Daily Star; Financial Post; Trail Times; Daily Sentinel-Review, Woodstock.

May I close my reference to the press by a short extract from the Montreal Gazette of the 5th of February last:

The central Government has assumed and is assuming very heavy obligations. What those obligations will be after the Rowell Commission has reported, and its report has been acted upon, no one can foresee. What the Dominion's income will be in the next twelve or fourteen months, even at the present terrific rate of taxation, no one knows. Yet every year money is being thrown away which could be saved, and not in small amounts, but in millions. Mr. C. L. Burton, President of the Robert Simpson Company, addressing the Canadian Industrial Transport League on Thursday night in this city, declared that unless the solution for the railway problem is found, enterprise in the Dominion will languish and business and services will be throttled through constant and unnecessary increases in taxation. Mr. Burton, who quoted at some length from the arguments advanced by Professor Jackman, of Toronto, in support of unification—as distinct from amalgamation—offered his own opinion that elimination of needless waste through duplication might easily lead to fuller employment, and he suggested the retirement of senior men. The tax burden he described as colossal and as responsible for much of the existing civil and political unrest, which undoubtedly it is. The organization addressed by Mr. Burton adopted a resolution urging that steps be taken for study of the railway problem by a non-partisan body, and that closer co-operation between the two systems be promoted.

I quote now from MacLean's Magazine of March 1, 1938:

In 1922 the British railways were in a chaotic condition. Throughout the country there ran 20,000 miles of track, most of it paralleled, and in some cases short-circuited, by good highways, along which ran efficient and growing road traffic. . .

To-day the position is completely changed. The bewildering network of railway undertakings is replaced by four companies, which work in harmony together and whose profits rose last year to £23,000,000.

Redundant and duplicate posts have been abolished; duplicate services have been eliminated; rolling stock and appliances have been standardized. . .

They were given time in which to arrive at a harmonious agreement, after which a Government tribunal stepped in and took control of the amalgamations.

The workers, of course, had their own difficulties, but were well provided for under the Act. Primarily, it was recognized that reduction of staffs must be gradual and by reduction of the compulsory retiring age to fifty-five.

The Act dealt thoroughly and comprehensively with the question of compensation for displacement. It provided first of all that "every existing officer and servant shall, as from the date of amalgamation or absorption, become an officer or servant of the amalgamated company."

It then laid down that, although an amalgamated company had the right to abolish any office held unnecessary, no officer or servant could be transferred without his own consent to a position he held to be worse either in the nature of work, salary, conditions, or pension prospects.

Provision was made in such a case for reference to a special tribunal in which compensation must be made if his case was proved.

Compensation was also to be paid to anyone who suffered a reduction of salary or standing "on the ground that his duties have been diminished" or who otherwise suffered a financial loss by reason of the amalgamation. . . .

Large sums are being spent in improving the standard of maintenance of certain absorbed lines.

Despite these factors, the companies have been enabled, while substantially maintaining their revenues, to grant material concessions in rates and charges of all descriptions.

Before the grouping, these rates and charges were 112 per cent above pre-War level. They are now only about 50 per cent above pre-War level.

Sir Felix Pole, retired general manager of the Great Western Railway, said three years after the amalgamation: "I can say positively that the grouping has produced added economies and efficiency, and has been of direct benefit to the trader and shareholders. By producing greater security of tenure and increased prospects of advancement, it has also been directly to the advantage of the employees."

There are many more editorials to the same purpose, but they have escaped me. Those referred to, however, clearly indicate the trend of public opinion.

I think I am justified in submitting anew to the Government the resolution of the

Senate. I do so with great confidence. It was the result of a thorough investigation at which the best minds and the greatest experts of the country freely gave their advice. It was supported unanimously by both sides in this House. It was valued by our best railway experts as being worth to the country every year from $56,000,000 to $75,000,000. Time has fully justified the warning given by the Senate. For not having heeded it, Canada is the poorer to-day by virtually $1,000,000,000.

The objections made to the suggestion of the Senate are fast fading away. They have been refuted in great part by men of authority and by organs of public opinion. I need therefore but refer to them briefly.

The bogy of a huge and oppressive monopoly has been dispelled by the policy adopted in Great Britain of consolidating its railways, and the measures about to be carried out by the United States for a similar purpose. With the Railway Commission increasing, if need be, in authority and personnel, how could our railways be oppressive? The monopoly is not theirs either in rates or in suppression of lines and services; and certainly not in traffic, which they lose more and more every day to their competitors on land, on water and in the air.

Then there is the objection that the plan would increase unemployment. The possibility of increasing unemployment by the release of 15 to 17 per cent of present railway employees is now denied, as any difficulty in that respect would be temporary and self-adjusting. Unification of management can hardly be carried out in less than four or five years. Statistics in the United States establish that death, resignation and pensioning reduce the number of railway employees annually by 5 per cent. Therefore the number of men retired under joint management would be accounted for by natural causes in the four or five years during which unification was being completed. After the reduction is made, our railways will still be better manned than those in the States. And that is not all. The reduction to be made would be just one-third of the reduction rendered necessary by the depression. The statement has been made to me—and I believe it—that our railways, per unit of operation, are 40 per cent more heavily manned.

Hon. Mr. MURDOCK: I say my honourable friend is entirely mistaken.

Hon. Mr. BEAUBIEN: I accept the objection made by my honourable friend, because I have the greatest respect for him. I may be mistaken. If I am mistaken I wish he would correct me, not only in this, but in other statements which I have made.

Hon. Mr. MURDOCK: I am sure that if my honourable friend will check that up he will find he is entirely mistaken.

Hon. Mr. BEAUBIEN: I have done my very best to get accurate information. I am fallible, and if I err I ask honourable members to correct me.

Hon. Mr. MURDOCK: I think my honourable friend will find that the percentage is the other way, and not as he has stated it.

Hon. Mr. BEAUBIEN: Let me say that the objection is self-liquidated; that is to say, the personnel will, through natural causes, be reduced before it becomes necessary to bring about any arbitrary release. Besides, no business run at a loss can provide stability of work. An editorial of the Montreal Star of the 26th of January last, urging the adoption of joint management without further delay, calls attention to the memorandum recently submitted to the Government by the Canadian Federation of Labour. In this paper Labour, through its Federation, states, inter alia:

> Realizing that the duplication and overlapping of transport facilities in Canada have greatly increased the burden of public debt, thereby raising an obstacle to social reform and lowering the general standard of living, while undermining established conditions of employment, the Canadian Federation of Labour desires to record its firm opinion that the Government should, at the coming session of Parliament, bring forward comprehensive legislative proposals intended to reduce the evils of duplication of services, and to restore competitive equality. It is a well-established fact that uneconomic duplication and inadequate regulation of transport services are the chief reason for the difference of 15 per cent or more between railwaymen's wage rates in Canada and in the United States, and the low wage rates and poor working conditions of other transport workers. The continuance of this disorder in the transportation industries has not been of any benefit to the workers, as is evidenced by the dismissal of many thousands of railwaymen since 1929, while the exploitation of the workers in other forms of transport service has become increasingly severe. The Federation recommends specifically: "That immediate steps be taken to substitute complete co-ordination of the railway systems, under strict Government regulation, for the piecemeal co-operation which has proved inadequate to solve the problem."

Nobody now believes that under unification sections of the community would be left without railway service. Sir Edward Beatty, time and again, has affirmed that this was unthinkable. How could the five directors, holding the balance of power between the

two railways and selected as trustees of the nation at large, permit such an outrage? How could the Railway Commission tolerate it? How could Parliament permit communities to be marooned in the midst of the nation? This objection is preposterous.

Another objection, honourable gentlemen, is one that you can deal with better than I can myself: it is that Parliament should hesitate before taking any irretrievable step. Parliament can always undo what it has done, but the pity is that we cannot always undo the consequences of leaving a task undone.

Finally, some people are still wedded to public ownership administration for our railways. They object that we are going to abandon the principle of state ownership in the administration of our railways. How are the Canadian National Railways operated to-day? They are operated by a board named by the Government. How would the combined railways be administered under one management? There would be fifteen men, five of whom would hold the balance of power in every matter of importance. These five trustees of the nation would be named partly by the Government and partly by the Canadian Pacific. So, as far as that is concerned, public ownership would have a great deal to say, and undoubtedly any man who was objectionable would be eliminated. That would be the whole difference. Is it worth a loss of $100,000,000 a year to maintain the present system?

I have been requested to produce evidence of the savings claimed for joint managership. I am, of course, not qualified to furnish a detailed list of retrenchments on hundreds of items totalling some $56,000,000 to $75,000,000, but I can estimate the savings on one or two major items. Joint managership would do away with from 4,000 to 5,000 miles of railway. The upkeep of railway lines costs yearly, on the average, from $2,000 to $3,000 a mile. If we take the minimum of 4,000 miles of abandoned lines and multiply by the minimum yearly upkeep of $2,000 a mile, we shall find that we can effect a saving of $8,000,000 a year. Furthermore, joint managership would dispense with the services of 26,000 railway employees whose average salary is $1,700 a year. That would bring about a saving of $44,000,000.

Right Hon. Mr. GRAHAM: These men would have to be looked after, would they not?

Hon. Mr. BEAUBIEN: Just a second. If my honourable friend will permit me, I think he will find me fair. By adding the two totals together we get a figure of $52,000,000.

Hon. Mr. MURDOCK: Would my honourable friend also check up on the salary of $1,700 a year? I wish that were the average.

Hon. Mr. BEAUBIEN: I am not in the railway business by any means, but I have endeavoured to get my information from a good, honest source. Perhaps my honourable friend will bear with me. I admit that on the first item, the upkeep of the railway, not all the saving could be realized; and that on the second item the total economy on labour would be attained only after three or four years. But this does not touch the wide field of suppressible duplication in railway stations and ticket offices, passenger and freight services, express and accounting departments, and practically every other branch of the railways.

I wish to call attention to the very excellent pronouncement made by Mr. J. J. Gibbons, President of the Board of Trade of Toronto, at the annual convention of the Canadian Chamber of Commerce at Vancouver on the 9th of September, 1937, which strongly recommends the unifying of administration, and answers much more effectively than I have done the possible objections to the adoption of such a proposal. What answer has been made to the Senate recommendation for joint managership? None but vague and malicious assertions; for example, that there is afoot a conspiracy against the Canadian National Railways. Think of the conspiracy that would gather together such elements as the Senate, our best railway experts, professors of economics, boards of trade and chambers of commerce and the overwhelming majority of newspapers in the country—newspapers which, I believe, clearly reflect public opinion. Such a conspiracy could be nothing but the manifestation of the will of the people throughout the country.

The plain truth is that the hand of the Government is stayed by political apprehension. It fears the political reaction of the West. But the West needs assistance and must help us to find it. The Government, with its ear to the ground, must know that the weight of public opinion is against any further procrastination. May I now, therefore, strongly urge the Government to adopt the suggestion made by this honourable House? If, perchance, it fears to follow too closely in the footsteps of the Senate, let it at least adopt the same process and call into consultation the best authorities in the land. By so doing it will undoubtedly reach the best practical conclusion, a conclusion which, unless I am much mistaken, will approximate that of the Senate.

The resolution submitted by me to the House only requests the Government to address itself without further delay to the nation's No. 1 problem—a most pressing and most dangerous problem in that it feeds and grows on time.

I recall the clever jibe made by the Right Hon. Arthur Balfour at public life. He said that in politics it was easier to repeat a stupid thing often than to do a wise thing once. I surmise that the Government is very sensitive to the currents of public opinion. I think I have shown how these currents are running now. He who wishes to ride must stay in the saddle; but he who from fear drops the reins and grips the saddle is bound to come a cropper. Has the hour not struck when political expediency should give way to national necessity and the highest order of patriotic duty?

For years financial experts have repeated again and again that the credit of Canada was gravely affected by unemployment, by the parlous condition of some of the provinces, and by the constant enormous deficits of the Canadian National Railways. The Government has addressed itself to the unemployment problem. Mr. Purvis, in a masterly way, has analysed and classified it. Now we know clearly how to attack it. The Rowell Commission is now investigating the provinces, and I am confident that the Chairman of that Commission and his colleagues will meet our highest expectations, which are based on their ability and standing. But as for the railway problem nothing has been done. The nation is pouring out its life-blood at the rate of two millions of money a week, and the Government, so far, has done nothing!

The nation, with its ever-increasing burden, is growing more and more weary, and, unhappily, its credit on money markets of the world is weakening. The partial failure of our recent conversion loan in London is a warning that should not be disregarded. Canada must be strong and magnetic enough to retain the faith of her own people, and to draw to her shores the men and the money required to build her up to the full stature of her marvelous destiny.

The present situation reminds me of the frightful fate of two foreigners joyfully rowing down the Niagara river, unaware of the approaching danger of the falls. On both shores individuals, then small groups and finally crowds, shout to them that there is danger ahead. They laugh and jeer, and pay no attention: they are happy, and the sun is shining brightly. Suddenly, when they are close to the brink, they see disaster before them and bend desperately to the oars in an effort to save themselves; but it is too late, and, as the crowds on both sides of the river cover their faces in horror, the men are swept over the falls.

Hon. Mr. MURDOCK: Are they dead?

Hon. Mr. BEAUBIEN: I am not going to answer my honorable friend's question, but I will offer him a simile. For years warnings have come to the Government, now from the Senate, now from men of high standing on both sides of politics, then from the press and from the great mass of the people. These warnings have gone unheeded, but if we continue the course followed in the past inflation is inevitable, and the result will be most disastrous. Will the Government not strive for safety whilst there is yet time? Conditions are uncertain: the present recession may lead to a further depression; war may break out at any time. While we are on an even keel let us clear the decks. If the hurricane breaks we may be too late.

Hon. Mr. DANDURAND: I am sure we have listened to the honourable gentleman from Montarville with great interest. I am sure also the honourable gentleman desires that the Senate express an opinion, or that a number of senators give the country the benefit of their views on the very important problem before us. The Government will be most interested in having the opinions of the members of this House, many of whom have had considerable experience in matters connected with the administration of railways, before it asks its representative in this House to reply on its behalf. The Government, of course, has some views to propound. These views will be propounded in due time, though I may make the reservation, perhaps, that they may be somewhat influenced by the weight of the arguments that come from the members of this Chamber.

Right Hon. Mr. MEIGHEN: The honourable gentleman assumes, of course, that this House would not be at all influenced by the views of the Government.

Hon. Mr. DANDURAND: If no other member of this House desires to follow my honourable friend, I will move the adjournment of the debate until Tuesday next.

Right Hon. Mr. MEIGHEN: I am quite agreeable to Tuesday, but I always like to get our work done as expeditiously as possible. We are to be here this week and I would suggest to-morrow.

Hon. Mr. DANDURAND: If my right honourable friend wishes to express his opinions to-morrow, I shall gladly give him precedence.

Right Hon. Mr. MEIGHEN: My opinions are pretty well on record, and I am now eagerly awaiting expression of the Government's opinion. It is usual for the Government leader to speak early on a motion such as this.

Hon. Mr. DANDURAND: My right honourable friend has reference to a venerable tradition of another place, one that was followed while he was a member there and is still followed. But our custom has been to the contrary. When a motion is made calling for an expression of views by the Senate, the stand of the Government is expressed at the close of the debate—the Government being wiser then, perhaps, than when the discussion began. I know that my right honourable friend has stated in no uncertain terms his opinion on the Senate's action in 1925. I have an impression that I alluded to it in this Chamber that year, and I shall look up the debates to make sure. But one always has the right to express one's views and to change them in the light of experience.

I suggested that the debate be adjourned until Tuesday next because I feel that the speech of my honourable friend from Montarville (Hon. Mr. Beaubien), which covered considerable ground, ought to be dealt with by me in a manner which, at least as to form, would satisfy this House.

Right Hon. Mr. MEIGHEN: All right.

Hon. Mr. DANDURAND: But if my right honourable friend desires to speak to-morrow, I shall move adjournment of the debate until then.

Right Hon. Mr. MEIGHEN: My honourable friend knows that I am never eager to speak at any time.

Hon. Mr. DANDURAND: Neither am I. Then shall we make it Tuesday?

On motion of Hon. Mr. Dandurand, the debate was adjourned until Tuesday next.

DOMINION FRANCHISE BILL

SECOND READING

Hon. Mr. DANDURAND moved the second reading of Bill 2, an Act to amend the Dominion Franchise Act.

He said: Honourable senators, this Bill has for its object the postponement for another year of the revision of existing electoral lists, which, according to the Act, should be done annually. Passing of the Bill would mean dispensing with revision of the lists for the next twelve months.

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

THIRD READING

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

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

NATIONAL RAILWAYS AUDITORS BILL

SECOND READING

Hon. Mr. DANDURAND moved the second reading of Bill 17, an Act respecting the appointment of auditors for National Railways.

He said: Honourable senators, this Bill is a repetition of the request that is made to Parliament annually for appointment of auditors for the Canadian National Railways. Messrs. George A. Touche & Company, chartered accountants, of the cities of Toronto and Montreal, are the present auditors. I am simply moving for their reappointment for 1938.

Right Hon. Mr. MEIGHEN: The honourable gentleman is moving second reading of the Bill, the object of which is the reappointment of that company.

Hon. Mr. DANDURAND: Yes.

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

THIRD READING

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

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

SHIPPING BILL

SECOND READING

Hon. Mr. DANDURAND moved the second reading of Bill 23, an Act to amend Part V of the Canada Shipping Act, 1934. (Sick Mariners and Marine Hospitals.)

He said: Honourable senators, this Bill contains some minor amendments to the Canada Shipping Act of 1934. It has to do with part V of that Act, which requires that a fee or duty, on behalf of sick mariners and marine hospitals, shall in certain instances be levied on coasting vessels going from one port to another in Canada, and on ships reaching Canada from a foreign port. It is desired to make clear that the fee shall be payable only once a year by coasting vessels, and once for every voyage by vessels coming from abroad.

Clause (b) clarifies the intention of the existing Act that a ship arriving at any port in the provinces mentioned, and coming from a place out of Canada to which it is immediately returning, shall not be subject to

the fee, provided one has already been paid since arrival in a previous port of call in Canada.

The final clause provides that no such fee or duty shall be levied on "a barge, scow or lighter, which does not carry any crew and is not self-propelling." At the present time dues are payable by vessels of these types, and strong representations have come in against this feature of the Act, especially from British Columbia. There is a difference of opinion as to the necessity for this amendment, since the Act defines a ship and the definition does not include craft of the types dealt with here. This point can be looked into later. I intend to move, if second reading is passed, that the Bill be referred to one of our standing committees.

Hon. Mr. BLACK: I should like to ask the honourable leader whether he does not think there is a danger that this new clause may interfere with a field that is taken care of by the Shipping Act as it now stands. In the Act the definition of a ship was made very clear. It does not include a barge any more than a raft of logs.

Hon. Mr. DANDURAND: Although the language of the Act is very clear, it has apparently been the practice to levy a duty. Now Parliament intervenes to say that it should not have been so levied. That is one of the points we may discuss in committee.

Right Hon. Mr. MEIGHEN: I am glad the Bill is to be referred to a committee. I do not think the last clause is necessary at all. As the Act reads, "barge" and "lighter" are included in the definition of "ship," but only for certain stated purposes, which do not include dues. What is needed is not a change in this clause, but a change of practice. The Act has been read wrongly.

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

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

TRANS-CANADA AIR LINES BILL

FIRST READING

A message was received from the House of Commons with Bill 29, an Act to amend The Trans-Canada Air Lines Act, 1937.

The Bill was read the first time.

RAILWAY BILL

FIRST READING POSTPONED

A message was received from the House of Commons with Bill 14, an Act to amend the Railway Act (Telephone Tolls).

The Hon. the SPEAKER: This Bill, honourable senators, is in the same class as one introduced yesterday; that is to say, it is a public bill sponsored by a private member of the House of Commons. I would suggest that if any honourable senator intends to sponsor it he should say so before it is read a first time; otherwise it should stand.

Hon. Mr. DANDURAND: I am glad His Honour the Speaker draws our attention to the lack of a sponsor. Yesterday we were in the predicament that, a bill having been read a first time, no one rose who had been asked by its promoter in the other House to take charge of it in this Chamber.

The Hon. the SPEAKER: Shall the said Bill stand until the next sitting of the House?

Hon. Mr. BLACK: Is a copy of the Bill available?

Hon. Mr. MURDOCK: I imagine there is now a copy in our boxes.

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

THE SENATE

Thursday, March 3, 1938.

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

Prayers and routine proceedings.

PRIVATE BILL

FIRST READING

Bill A, an Act respecting the Dominion Association of Chartered Accountants.—Right Hon. Mr. Meighen.

MONUMENT TO SIR CHARLES TUPPER

DISCUSSION

On the Orders of the Day:

Hon. F. B. BLACK: Honourable senators, before the Orders of the Day are called I should like to take advantage of the opportunity of making a few remarks with regard to an advocacy that I have seen in the press of Canada recently for the erection on Parliament Hill of a statue to Sir Charles Tupper. I do this because from a reading of the reports one would be led to believe that this matter had not been mentioned before.

I want to say, first, that personally I am greatly pleased at the action of the gentleman—not a member of Parliament—who has raised this question, because it brings it again

to public attention. I do wish, however, in fairness to the Senate, to say that at least three times since I have been here the question of a monument to Sir Charles Tupper has been raised in this House. In 1931, when the Committee on Public Buildings and Grounds was reporting, the honourable member from Pictou (Hon. Mr. Tanner) and other honourable members spoke of the necessity or advisability of statues to the memory of some of those who had not already been commemorated on this Hill. The honourable member from Pictou said he had noticed that there were statues on the Hill to Sir George Etienne Cartier, Sir John A. Macdonald and Queen Victoria.

Hon. Mr. CASGRAIN: D'Arcy McGee.

Hon. Mr. BLACK: He intimated that he could not quite understand why the Queen was placed third in the list. Then he went on to mention D'Arcy McGee, George E. Brown, Sir Wilfrid Laurier and one or two others.

Hon. Mr. CASGRAIN: Baldwin and Lafontaine.

Hon. Mr. BLACK: He then called attention to the fact that no statue had been erected on Parliament Hill to Sir Charles Tupper, Sir Leonard Tilley and Joseph Howe. On that occasion I, too, made some remarks, but I will not take up the time of the House by repeating them now. I simply want to point out that the question was raised then.

In 1932 the honourable senator from Rockcliffe (Hon. Cairine Wilson), Chairman of the Committee on Public Buildings and Grounds, being unable to attend a sitting of the House when one of that committee's reports was to be presented, asked me to make the report on her behalf. In doing so I spoke, in part, as follows:

> Among other matters that came before the committee was one brought up in the House a year or two ago—and no doubt on other occasions also—namely, the desirability of erecting a statue to Sir Charles Tupper, one of the Fathers of Confederation. It is my opinion that you cannot mention the three strongest characters who took an active part in Confederation without including the name of Sir Charles Tupper. Even down to recent times he has been a prominent figure in the life of Canada.

I will not read more than that now. At that time I drew attention in particular to the absence of a statue to Sir Charles Tupper and pointed out that he was one of the most prominent figures in the whole picture of Confederation. He was longer in the public life of Canada than any other man has been, up to the present time. A member of successive governments, he reached the high office of Prime Minister of Canada. It seems to me that because of his long and eminent service to the Dominion he has a stronger claim than perhaps any other public figure from the Maritime Provinces to the honour of a statue on Parliament Hill.

In the same discussion I also mentioned Joseph Howe, as did others. He was probably one of the greatest orators that Canada has produced; undoubtedly the most eloquent public man who has come from the Maritime Provinces. His reputation for possessing a silver tongue and wonderful brain was widespread not only in this country, but also in the United States and Great Britain. Canada would do well to commemorate Joseph Howe by the erection of a statue on Parliament Hill. Of course, it may be said that, after all, he was a Maritime rather than a Dominion figure. Nevertheless, he was a great Canadian, a man whose name is worthy of being perpetuated by a statue here.

I think that a statue should be erected to another great figure of Confederation days, Sir Leonard Tilley. It would seem to be but right that the lives and services of these three men should be commemorated on our grounds here.

In speaking on this matter in 1932 I said that the last previous statue erected on Parliament Hill had cost $18,000, but it was felt that, because of lower costs prevailing at that time, a considerably smaller sum would be sufficient. An estimate then given to me was around $10,000. I do not believe a statue could be erected for that amount: it seems to me the cost would be probably $18,000. But after listening to the array of figures presented to us yesterday, when the railway deficits were being discussed, it seems to me it would be paltry to consider so small a sum as an obstacle to the erection of a statue to Sir Charles Tupper.

I want to make it clear that the request for a statue to Sir Charles Tupper was originated in this House, and not by anyone outside it. The absence of a statue to that great statesman has been deplored here on three occasions, and strong recommendations to remedy the lack were made to the then leader of the House, the same honourable gentleman who leads the House at this time. He said that he would be pleased to bring the matter to the attention of the Government.

Hon. RAOUL DANDURAND: I am under the impression that already this session, in the House of Commons, the attention of the Government has been drawn to the desirability of recognizing Sir Charles Tupper's services on behalf of Confederation by erect-

ing a statue to his memory on the Hill. Unfortunately I have not had time to look up the answer of the Government, but I am pretty certain it would be sympathetic. At all events, I will draw the attention of my colleagues to the suggestion that for the third time has come from my honourable friend opposite (Hon. Mr. Black).

Hon. Mr. BLACK: Thank you.

Right Hon. ARTHUR MEIGHEN: Honourable members, I desire to add a word on the subject. Usually I am not very impatient of delay in erecting monuments, but I think the country is justly charged with neglect in the case of Sir Charles Tupper.

There were, in broad outline, three parties to Confederation: the province of Ontario, the province of Quebec, and the Maritime Provinces. Those who conducted the long struggle and helped to bring about its consummation on behalf of the two central provinces have for many years been commemorated by statues—Sir George Etienne Cartier as the chief figure from the province of Quebec, Sir John Macdonald and the Hon. George Brown as leaders from the province of Ontario; but as yet there has been no recognition in the same way of any statesmen from the third party to Confederation, the Maritimes.

Of those who took a prominent part on behalf of the Atlantic provinces, I do not think it would be claimed for any of the others that their services equalled those of Sir Charles Tupper. Not only was he most prominent and most aggressive in the battle for the confederacy, but subsequently he took the largest part in the political history of the confederated Dominion. We lose something by too great delay in commemorating his services. Even yet there are personal friends of his who feel deeply grieved that this recognition has been so long delayed. I know a very prominent man in the city of Halifax—his sons are in the far West—whose dearest ambition is to see this monument before he dies, or at all events to see the claim to a monument recognized and a commencement definitely made for its erection. I sincerely urge the Government to consider the subject now, and I am sure that if it does so it will not feel we are justified as a country in ungratefully neglecting this matter much longer.

Hon. J. P. B. CASGRAIN: Honourable members, I think Peter Mitchell, of New Brunswick, deserves a share of recognition. In Nova Scotia the people were in favour of Confederation. Even Joseph Howe favoured it, and became a Cabinet Minister in the first administration of Sir John Macdonald. But the people of New Brunswick were hostile to the proposal—I suppose, mainly because they were trading so much with the United States—and turned it down. Yet Peter Mitchell fought and won a general election on the issue and brought his province into Confederation.

Hon. Mr. BLACK: I may be pardoned, honourable members, for making one further remark. While it is true Peter Mitchell did take a prominent part in the Maritime Provinces on behalf of Confederation, still Sir Leonard Tilley was the outstanding figure so far as New Brunswick was concerned, and it was he who actually brought New Brunswick into Confederation. I could relate some rather interesting and romantic history in that connection, but I will not take up the time of the House.

COPYRIGHT AMENDMENT BILL

SECOND READING

Hon. R. F. GREEN moved the second reading of Bill 12, an Act to amend the Copyright Amendment Act, 1931.

He said: Honourable members, I am not going to discuss this Bill. I ask that it receive second reading and be referred to a committee. The Bill passed the other House unanimously, and I think its provisions are very well known to members of this House. It corrects some matters in connection with the Copyright Act, limits the powers of the Canadian Performing Rights Association, and requires them to publish a list of all music in which they claim copyright.

Right Hon. ARTHUR MEIGHEN: I understand the Bill is to be referred to the Banking and Commerce Committee, and with that reference I am in thorough agreement, but perhaps at this point it would be well to direct attention to one or two things. The Bill provides by the first section that any applicant for a licence shall be furnished with a list of all the musical works, and so on, owned or controlled by the party who grants the licence. I notice in the course of the debate which took place elsewhere it is stated that the list, if inclusive of all claims of this association, would be larger than the telephone directory of Montreal. Now, what is the value of such a list unless it is indexed and the principle of the indexing is clearly defined? I do not think the section is of the faintest value unless there is an addition to that effect. As this would require some drafting in advance, it seems to me well to mention it now. I am not objecting at all to the Bill,

and I hope to give it earnest attention in committee, but a good deal of mechanistic work should be done before it is passed.

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

REFERRED TO COMMITTEE

Hon. Mr. GREEN moved that the Bill be referred to the Standing Committee on Banking and Commerce.

Hon. Mr. DANDURAND: I think it quite proper that this Bill should go to the Banking and Commerce Committee, for, if I remember correctly, it was the session before last—

Hon. Mr. BLACK: Two years ago.

Hon. Mr. DANDURAND: During that session we had many sittings of the Banking and Commerce Committee, and I recall one which lasted until past midnight, and during which we discussed many questions that are involved in the present Bill.

The motion was agreed to.

LORD'S DAY BILL

SECOND READING

Hon. JAMES MURDOCK moved the second reading of Bill 13, an Act to amend the Lord's Day Act.

He said: Honourable senators, when this Bill came before us last Tuesday it was evident that no one had been requested to sponsor it in this House, and some honourable gentlemen apparently wanted to dispose of the measure immediately. That was why I undertook to move that it be placed on the Order Paper to be read a second time to-day.

I have examined the Bill in the meantime, and I find what appear to me to be mistakes. The proposed amendment would in my judgment—and I am not a lawyer—make the Act much less drastic than it is, and would afford opportunity for its violation. For example, the word "permits" is by this proposed amendment stricken out of section 14. It was so stricken out—if I may be permitted to say so—on the representations of two distinguished gentlemen in another place, one of whom I have since talked with. He said to me, "Yes, that was a mistake, and the Bill should go to a committee to be straightened out."

When we discussed this Bill last Tuesday a question was raised as to its constituting further encroachments upon the liberties of Canadian citizens in the handling of necessary work on Sundays. Section 11 of the Act contains twenty-four exceptions, which of course are not touched by this Bill. Those twenty-four exceptions cover almost everything. However, from my study of the Act I find that last Sunday I unwittingly violated one of its provisions when I drove my automobile up the Gatineau to watch the skiers, for there is no exception which would permit me to do that. Neither is there any exception which would permit a trucking company to transport a truck-load of goods from Toronto to Ottawa, or from Ottawa to Montreal. I think some changes might be made in the statute in view of the fact that conditions have changed materially since its enactment.

So far as this proposed amendment is concerned, in my opinion it is entirely wrong to suggest that

> Any person, being a director, an officer, a superintendent or an employee of a corporation, to whose direction or orders any employee is by the terms or conditions of his employment bound to conform, who authorizes or directs any such last mentioned employee of that corporation to carry on any part of the business—

shall be liable to certain penalties. The Bill says "authorizes or directs." There is no question at all of permission. The word "permit" is struck out. I can imagine many cases in which it would be unfair to hold responsible a director of a Canadian company who lives in the West Indies, the United States, England or some other place far removed from the scene of the company's operations. I think it is absurd to say that he shall be liable to imprisonment for three or six months, as the case may be.

But surely we can adopt the principle of the Bill, which is that there shall be a reasonable and proper observance of the Lord's Day. I hope the Senate will give the Bill second reading and allow it to go to the Committee on Banking and Commerce. In committee it can be thoroughly discussed, and if it is not thought desirable that it should proceed further it can be stopped.

Another reason why I think the Bill should be dealt with in that way is that the complete report of the discussion on the second and third readings of the Bill in another place occupies only two pages of printing. It commences at page 912 and ends at page 914 of Hansard of the House of Commons. To my mind this indicates insufficient consideration of an important matter.

Hon. E. D. SMITH: Honourable senators, I quite agree with what has been said by the last speaker regarding the consideration given to this Bill in another place. As he has said, the discussion on the second reading, the committee stage, the third reading and the reporting of the Bill occupies only five columns of Hansard. Furthermore, in the whole of that discussion there was not one word said about the principle of the Bill.

I do not agree with the last speaker as to referring the Bill to a committee. We are here just now to discuss the principle of the Bill—a principle to which I object most strongly. I will read the whole of the section. It says:

> Any person, being a director, an officer, a superintendent or an employee of a corporation, to whose direction or orders any employee is by the terms or conditions of his employment bound to conform, who authorizes or directs any such last mentioned employee of that corporation to carry on any part of the business of the corporation in violation of any of the provisions of this Act, shall be liable, on summary conviction before two justices of the peace, to similar penalties as those to which a corporation is liable under subsection one of this section or, for a first offence, to imprisonment for a term not exceeding three months and not less than one month, with or without hard labour, and for each subsequent offence, to imprisonment for a term not exceeding six months and not less than two months, with or without hard labour.

The principle of the Bill, I take it, is that the directors, officers and employees of a corporation, instead of the corporation or company itself, shall have the responsibility of deciding whether there is an emergency.

As the honourable member from Parkdale (Hon. Mr. Murdock) has said, there are no fewer than twenty-four exemptions under the Act. The one that I am most interested in reads as follows:

> (w) Any unavoidable work on the Lord's Day to save property in cases of emergency, or where such property is in imminent danger of destruction or serious injury.

The honourable member from De Lanaudière (Hon. Mr. Casgrain) drew attention the other day to the fact that certain industries require constant operation. The canning industry is one of these, and the clause I have just read applies to it particularly. It would apply also to factories engaged in the manufacture of any kind of raw product, such as wine factories, tomato catsup factories, soup factories, and the like, which are subject to variations of the weather. A hot spell may come in September, as it often does, and maybe three or four times the normal quantity of tomatoes will come to the plant. The manufacturer must then decide if there is an emergency. He has to decide whether it would be disastrous not only to the plant, but to the farmers as well, not to operate on Sunday, and he has to pay any penalties that may ensue. It is hardly necessary to state that it is often absolutely necessary to operate at night and on Sundays.

This Bill provides that the foreman, not the employer, is to decide in this matter. It is possible that unless the plant is operated night and day, Sundays and week days, perhaps for weeks at a time, there will be a heavy loss. But if this Bill passes, and the owner tells the superintendent he would like him to work on Sunday, the reply may be: "If I remember, there was an Act passed the other day, in the Parliament at Ottawa, under which I may be sent to jail if I work on Sunday." The employer may argue and try to convince the superintendent that there is an emergency. The superintendent himself may be partially convinced, but if he goes to half a dozen sub-foremen or to the men who run the machines he will learn that they too have heard that they are liable to be fined or sent to jail if they permit or perform work on Sunday, and they may refuse to work. That is my objection to the principle of the Bill.

Such a situation would be a serious thing for not only the employer, but also the workmen and the farmers of the district. Therefore I submit that the Bill should not go to committee. I think it is the most unjustifiable Bill that has come before this House for many seasons. It is pernicious and mischievous. It would create trouble and would be disastrous. The employer, not the workman, is the man who would pay the fine, and he is the man who should decide whether there is an emergency or not. Therefore I shall vote against the Bill. I trust that honourable members will carefully consider what I have said before making up their minds to send it to committee.

Hon. Mr. MURDOCK: Does my honourable friend not realize that he is liable under the present law, and that it should be changed? There should be exceptions made to cover the circumstances he has recited.

Hon. Mr. SMITH: There are.

Hon. Mr. MURDOCK: The law is out of date.

Hon. Mr. SMITH: Subsection (w) of section 11 covers the situation exactly. Whenever there is an emergency or danger of disaster or loss, it is up to the corporation to decide, and to take its chances.

Hon. RAOUL DANDURAND: Honourable senators, I was in this House when, in 1906, the Act in question was passed by Parliament. It created considerable excitement in various parts of Canada. The measure passed the House of Commons without much difficulty, but when it came to the Senate many amendments were made to it, and good care was taken to see that no injury was done to any industry. The Senate worked on the Bill for two or three days, and finally passed

it, I remember, at three o'clock in the morning. Because every province had its own Lord's Day Act, this House insisted upon the necessity of obtaining beforehand the signature of the Attorney-General of the province in which action was to be taken. Inasmuch as the legislation was intended to cope with large corporations which insisted upon Sunday labour, and which employed hundreds of men, it was felt that the Attorneys-General of the provinces should be asked to further it.

Well, the law was passed. One difficulty of which I have often heard is that some of the large mill-owners or corporations feel that they must press on their work, and therefore insist upon operations being continued on Sunday. Just as I entered this Chamber I was told by a member of this House in whose constituency there are many such institutions that some of those corporations are regularly being prosecuted for operating on Sunday, but that they simply pay the penalty imposed and continue their operations. I understand this Bill increases the penalty for the purpose of strengthening the law. I think the Senate might give the Bill second reading and send it to committee so that we may hear the testimony of those who think there is good reason for strengthening the sanctions already in the Act.

Right Hon. ARTHUR MEIGHEN: Honourable members, when this Bill was mentioned yesterday, or the day before, I heard for the first time that directors were to be included among those to be punished in the event of violation of the Lord's Day Act. Our Companies Act already imposes upon directors penalties that are out of all reason and sanity. In the case of a director who acts fraudulently, or who acts as between himself and his company under the stimulus of selfishness, there is very little in the way of punishment that can be too severe; but on directors who are acting in good faith and with a view to their company's good, and that alone, our law already imposes penalties which are not in the nature of fines, but almost take the haggard form of ruin. This is true to such an extent that shrewd men, really careful men, will not consent to become members of boards. Therefore when I found the present measure contained this further penalty I was opposed to it. My opposition in that respect was largely removed when I had carefully read the Bill. I saw that it would not make a director liable merely because of being a director; that he could be liable only if he was a company officer or employee who gave an order to another employee. Therefore not much objection can be taken, provided that the present law in this regard is good.

I think the honourable senator who moved the motion (Hon. Mr. Murdock) is right in what he says as to the word "permit." If it was proper to have that word included in the former law, there is no reason why it should not be included now. I understand it was stricken out in the other House. The argument showed apprehension that a director might be held to have permitted a violation without learning of it. But that is all circumscribed by the proviso to which I have referred, for a director could not become liable without knowing of the violation.

But I am impressed by the words of the honourable senator to my left (Hon. E. D. Smith). I do not think he has been answered at all by the honourable leader of the House. The point is that it is the corporation which should suffer for an offence. It may be that the present Act does not impose sufficient punishment upon a corporation for breaking the law. We are told that corporations get off by paying moderate fines; that they consider it better to pay such fines than comply with the law, and therefore they persist in breaking it. That can be cured by an increased fine. There is nothing a corporation fears except the loss of money, and it would be a simple matter to make the penalty heavy enough to prevent indifference to the law. The honourable senator to my left points out that under this Bill an employee would be punishable for an offence committed by the corporation itself. That employee may be a sub-foreman or occupy some minor position. I do not think the law can go farther than to pursue, through the corporation, the general manager. I doubt if it could go even so far, because a general manager is, after all, merely an employee of the directors.

Hon. Mr. CASGRAIN: Exactly.

Right Hon. Mr. MEIGHEN: I think the case made by the honourable senator to my left is unanswerable. The penalty should be restricted to the offender. Something must be wrong with the law if the penalty cannot be made heavy enough to prevent infractions. After all, no corporation is going to persist in a practice that results in a serious loss of money.

Hon. Mr. DANDURAND: I did not go into these details, because I took it that the Bill would be sent to a committee, where the whole matter would be examined.

Hon. Mr. CASGRAIN: When the Lord's Day Act was put through it was the subject of a good deal of discussion. I went to see the then Minister of Justice, now the honourable senator from North York (Hon. Sir

Allen Aylesworth), with Honoré Gervais, the member for St. Mary, whom the honourable senator from Montarville (Hon. Mr. Beaubien) knew well and my leader (Hon. Mr. Dandurand) knew better. It was decided—and I hope there will be no change in this respect—to insert a proviso that no prosecution could be undertaken without leave of the Attorney-General of the province concerned. I asked that that proviso be made applicable to one clause, and it was. Then I wanted it made applicable to another. There was some objection, but I insisted. It was also made applicable to a third clause, as it should have been. Mr. Aylesworth, as he was known then, said, "That is not the way we lawyers make laws." I replied, "Well, that is the way we land surveyors make them, and we do not have any trouble."

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

REFERRED TO COMMITTEE

Hon. Mr. MURDOCK moved that the Bill be referred to the Standing Committee on Banking and Commerce.

Hon. Mr. BLACK: May I ask the sponsor if he does not think the measure should be referred to the Committee on Miscellaneous Private Bills?

Hon. Mr. CASGRAIN: It is a public Bill. Send it to Committee of the Whole.

Hon. Mr. DANDURAND: I think it should go to the Banking and Commerce Committee, for it affects the industries of the country.

Hon. Mr. CANTLEY: It should not go to any committee.

The motion was agreed to.

BUSINESS OF THE SENATE

Hon. Mr. DANDURAND: Honourable senators, as we have very little on the Order Paper for to-morrow, I intend to move that when the Senate adjourns this afternoon it stand adjourned until Tuesday next at 8 o'clock in the evening.

Right Hon. Mr. MEIGHEN: May I ask when the Trans-Canada Air Lines Bill is to come up for second reading?

Hon. Mr. MURDOCK: It is on the Order Paper for to-morrow.

Hon. Mr. DANDURAND: It will come up on Tuesday, but we can postpone it until Wednesday if my right honourable friend desires.

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

THE SENATE

Tuesday, March 8, 1938.

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

Prayers and routine proceedings.

DIVORCE AND MATRIMONIAL CAUSES BILL

FIRST READING

Hon. Mr. McMEANS introduced Bill B, an Act respecting Divorce and Matrimonial Causes.

The Bill was read the first time.

OPIUM AND NARCOTIC DRUG BILL

FIRST READING

A message was received from the House of Commons with Bill 24, an Act to amend the Opium and Narcotic Drug Act, 1929.

The Bill was read the first time.

WINNIPEG AND ST. BONIFACE HARBOUR COMMISSIONERS BILL

FIRST READING

A message was received from the House of Commons with Bill 32, an Act to amend the Winnipeg and St. Boniface Harbour Commissioners Act.

The Bill was read the first time.

OTTAWA AGREEMENT BILL

FIRST READING

A message was received from the House of Commons with Bill 34, an Act to authorize an agreement between His Majesty the King and the Corporation of the City of Ottawa.

The Bill was read the first time.

RAILWAY ACT AMENDMENT BILL (TELEPHONE TOLLS)

FIRST READING

A message was received from the House of Commons with Bill 14, an Act to amend the Railway Act (Telephone Tolls).

The Bill was read the first time.

THE LEAGUE OF NATIONS

INQUIRY

Hon. Mr. SAUVE inquired of the Government:

1. What has been the cost of the League of Nations since its foundation?
2. How much has it cost Canada?
3. What Canadian matters has it considered?

Hon. Mr. DANDURAND: I have an answer for the honourable gentleman, but as it consists of some nine or ten pages I will abstain from reading it unless my honourable friend wants me to do so.

Right Hon. Mr. MEIGHEN: Dispense.

Hon. Mr. DANDURAND: The answers will appear in Hansard to-morrow.

Following are the answers to the inquiry:

1. The cost of the League since its foundation till December 31, 1936, the last date for which the audited accounts are available, has been approximately 380,480,589 gold francs. This figure is somewhat in excess of the exact cost for the reason that since September 27, 1936, expenditures previously expressed in gold francs have been expressed in Swiss francs, which were between that date and December 31, 1936, at a discount of approximately 30 per cent.

2. Canada's contribution to the League since its foundation till the present has been 17,543,086 gold francs.

3. It would be quite impossible, so great is the scope of the League's activities, to give an adequate idea in a summary statement of the questions affecting Canada which have been considered by the League. These questions, however, include, apart from the provision of means for peaceful settlement of disputes and efforts to further disarmament, such matters as the following:

The publication of treaties and conventions;

The co-ordination of statistics of production and trade;

The simplification of customs formalities;

Expert studies of a wide range of economic and financial questions and questions of intellectual co-operation which could not be usefully undertaken by national bodies;

Restriction of the illicit traffic in opium and other dangerous drugs;

Suppression of the traffic in women and the traffic in obscene publications;

The co-ordination of technical work in various fields of preventive medicine;

The standardization of sera;

The standardization of morbidity and mortality statistics;

Supervision of sanitation and quarantine in certain areas with a view to preventing epidemics;

Child welfare;

Studies directed to securing the greater equality of the sexes in regard to nationality;

The codification of international law and the progressive unification of penal law;

Careful and intensive investigation and research with respect to hours of work, weekly rest, labour conditions, industrial hygiene, prevention of industrial accidents, factory inspection, workmen's compensation, the protection of women workers, the protection of children and young persons, annual holidays with pay, unemployment, social insurance, remuneration of labour, salaried employees, professional workers, home work, special problems of agricultural workers, seamen, etc., etc., resulting, in many cases, in conventions designed to improve the general position of labour, and to prevent the competition of countries with low labour standards dragging down the standards of the countries, including Canada, which have achieved, through long years of effort, relatively high standards.

In addition to the matters covered in these conventions, methodical research work is carried on and studies published on technical progress and unemployment, rationalization, collective agreements, statistics of aliens, the mechanization of office work, technical and vocational education, and apprenticeship, regulation of hours of work and of rest of truck drivers, and many other questions of value to Canada and to all countries interested in social legislation and improving general living conditions.

These conventions are set forth, for convenience of reference, in two lists—the first showing conventions ratified by Canada and the second showing the conventions not yet ratified by Canada though many of them deal with matters of interest to Canada.

I.L.O. CONVENTIONS RATIFIED BY CANADA

Convention fixing the minimum age for admission of children to employment at sea, adopted as a draft convention by the International Conference at its second session on July 9, 1920. Date of registration of Canadian ratification, March 31, 1926.

Convention concerning unemployment indemnity in case of loss or foundering of the ship, adopted as a draft convention by the International Labour Conference at its second session on July 9, 1920. Date of registration of Canadian ratification, March 31, 1926.

Convention fixing the minimum age for the admission of young persons to employment as trimmers or stokers, adopted as a draft convention by the International Labour Conference at its third session on November 11, 1921. Date of registration of Canadian ratification, March 31, 1926.

Convention concerning the compulsory medical examination of children and young persons employed at sea, adopted as a draft convention by the International Labour Conference at its third session on November 11, 1921. Date of registration of Canadian ratification, March 31, 1926.

Convention limiting the hours of work in industrial undertakings to eight in the day and forty-eight in the week, adopted as a draft

convention by the International Labour Conference at its first session on November 28, 1919. Date of registration of Canadian ratification, March 21, 1935.

Convention concerning the application of the weekly rest in industrial undertakings, adopted as a draft convention by the International Labour Conference at its third session on November 17, 1921. Date of registration of Canadian ratification, March 21, 1935.

Convention concerning the creation of minimum wage-fixing machinery, adopted as a draft convention by the International Labour Conference at its eleventh session on June 16, 1928. Date of registration of Canadian ratification, April 25, 1935.

I.L.O. CONVENTIONS NOT RATIFIED BY CANADA

Convention concerning unemployment, adopted as a draft convention by the International Labour Conference at its first session on November 28, 1919.

Convention concerning the employment of women before and after childbirth, adopted as a draft convention by the International Labour Conference at its first session on November 29, 1919.

Convention concerning the employment of women during the night, adopted as a draft convention by the International Labour Conference at its first session on November 28, 1919.

Convention fixing the minimum age for admission of children to industrial employment, adopted as a draft convention by the International Labour Conference at its first session on November 28, 1919.

Convention concerning the night work of young persons employed in industry, adopted as a draft convention by the International Labour Conference at its first session on November 28, 1919.

Convention for establishing facilities for finding employment for seamen, adopted as a draft convention by the International Labour Conference at its second session on July 10, 1920.

Convention concerning the age for admission of children to employment in agriculture, adopted as a draft convention by the International Labour Conference at its third session on November 16, 1921.

Convention concerning the rights of association and combination of agricultural workers, adopted as a draft convention by the International Labour Conference at its third session on November 12, 1921.

Convention concerning workmen's compensation in agriculture, adopted as a draft convention by the International Labour Conference at its third session on November 12, 1921.

Convention concerning the use of white lead in painting, adopted as a draft convention by the International Labour Conference at its third session on November 19, 1921.

Conference concerning workmen's compensation for accidents, adopted as a draft convention by the International Labour Conference at its seventh session on June 10, 1925.

Convention concerning workmen's compensation for occupational diseases, adopted as a draft convention by the International Labour Conference at its seventh session on June 10, 1925.

Convention concerning equality of treatment for national and foreign workers as regards workmen's compensation for accidents, adopted as a draft convention by the International Labour Conference at its seventh session on June 5, 1925.

Convention concerning night work in bakeries, adopted as a draft convention by the International Labour Conference at its seventh session on June 8, 1925.

Convention concerning the simplification of the inspection of emigrants on board ship, adopted as a draft convention by the International Labour Conference at its eighth session on June 5, 1926.

Convention concerning seamen's articles of agreement, adopted as a draft convention by the International Labour Conference at its ninth session on June 24, 1926.

Convention concerning the repatriation of seamen, adopted as a draft convention by the International Labour Conference at its ninth session on June 23, 1926.

Convention concerning sickness insurance for workers in industry and commerce and domestic servants, adopted as a draft convention by the International Labour Conference at its tenth session on June 15, 1927.

Convention concerning sickness insurance for agricultural workers, adopted as a draft convention by the International Labour Conference at its tenth session on June 15, 1927.

Convention concerning the marking of the weight on heavy packages transported by vessels, adopted as a draft convention by the International Labour Conference at its twelfth session on June 21, 1929.

Convention concerning the protection against accidents of workers employed in loading or unloading ships, adopted as a draft convention by the International Labour Conference at its twelfth session on June 21, 1929.

Convention concerning forced or compulsory labour, adopted as a draft convention by the International Labour Conference at its fourteenth session on June 28, 1930.

Convention concerning the regulation of hours of work in commerce and offices, adopted as a draft convention by the International Labour Conference at its fourteenth session on June 28, 1930.

Convention limiting hours of work in coalmines, adopted as a draft convention by the International Labour Conference at its fifteenth session on June 18, 1931.

Convention concerning the protection against accidents of workers employed in loading or unloading ships (revised 1932), adopted as a draft convention by the International Labour Conference at its sixteenth session on April 27, 1932.

Convention concerning the age for admission of children to non-industrial employment, adopted as a draft convention by the International Labour Conference at its sixteenth session on April 30, 1932.

Convention concerning fee-charging employment agencies, adopted as a draft convention by the International Labour Conference at its seventeenth session on June 29, 1933.

Convention concerning compulsory old-age insurance for persons employed in industrial or commercial undertakings, in the liberal pro-

fessions, and for outworkers and domestic servants, adopted as a draft convention by the International Labour Conference at its seventeenth session on June 29, 1933.

Convention concerning compulsory old-age insurance for persons employed in agricultural undertakings, adopted as a draft convention by the International Labour Conference at its seventeenth session on June 29, 1933.

Convention concerning compulsory invalidity insurance for persons employed in industrial or commercial undertakings, in the liberal professions, and for outworkers and domestic servants, adopted as a draft convention by the International Labour Conference at its seventeenth session on June 29, 1933.

Convention concerning compulsory invalidity insurance for persons employed in agricultural undertakings, adopted as a draft convention by the International Labour Conference at its seventeenth session on June 29, 1933.

Convention concerning compulsory widows' and orphans' insurance for persons employed in industrial or commercial undertakings, in the liberal professions, and for outworkers and domestic servants, adopted as a draft convention by the International Labour Conference at its seventeenth session on June 29, 1933.

Convention concerning compulsory widows' and orphans' insurance for persons employed in agricultural undertakings, adopted as a draft convention by the International Labour Conference at its seventeenth session on June 29, 1933.

Convention concerning employment of women during the night (revised 1934), adopted as a draft convention by the International Labour Conference at its eighteenth session on June 19, 1934.

Convention concerning workmen's compensation for occupational diseases (revised 1934), adopted as a draft convention by the International Labour Conference at its eighteenth session on June 21, 1934.

Convention for the regulation of hours of work in automatic sheet-glass works, adopted as a draft convention by the International Labour Conference at its eighteenth session on June 21, 1934.

Convention ensuring benefit or allowances to the involuntarily unemployed, adopted as a draft convention by the International Labour Conference at its eighteenth session on June 23, 1934.

Convention concerning the employment of women on underground work in mines of all kinds, adopted as a draft convention by the International Labour Conference at its nineteenth session on June 21, 1935.

Convention limiting hours of work in coal mines (revised 1935), adopted as a draft convention by the International Labour Conference at its nineteenth session on June 21, 1935.

Convention concerning the reduction of hours of work to forty a week, adopted as a draft convention by the International Labour Conference at its nineteenth session on June 22, 1935.

Convention concerning the establishment of an international scheme for the maintenance of rights under invalidity, old-age and widows' and orphans' insurance, adopted as a draft convention by the International Labour Conference at its nineteenth session on June 22, 1935.

Convention concerning the reduction of hours of work in glass-bottle works, adopted as a draft convention by the International Labour Conference at its nineteenth session on June 25, 1935.

Convention concerning the regulation of certain special systems of recruiting workers, adopted as a draft convention by the International Labour Conference at its twentieth session on June 20, 1936.

Convention concerning the reduction of hours of work on public works, adopted as a draft convention by the International Labour Conference at its twentieth session on June 23, 1936.

Convention concerning annual holidays with pay, adopted as a draft convention by the International Labour Conference at its twentieth session on June 24, 1936.

Convention concerning the minimum requirement of professional capacity for masters and officers on board merchant ships, adopted as a draft convention by the International Labour Conference at its twenty-first session on October 24, 1936.

Convention concerning annual holidays with pay for seamen, adopted as a draft convention by the International Labour Conference at its twenty-first session on October 24, 1936.

Convention concerning the liability of the shipowner in case of sickness, injury or death of seamen, adopted as a draft convention by the International Labour Conference at its twenty-first session on October 24, 1936.

Convention concerning sickness insurance for seamen, adopted as a draft convention by the International Labour Conference at its twenty-first session on October 24, 1936.

Convention concerning hours of work on board ship and manning, adopted as a draft convention by the International Labour Conference at its twenty-first session on October 24, 1936.

Convention fixing the minimum age for the admission of children to employment at sea (revised 1936), adopted as a draft convention by the International Labour Conference at its twenty-second session on October 24, 1936.

Convention fixing the minimum age for admission of children to industrial employment (revised 1937), adopted as a draft convention by the International Labour Conference at its twenty-third session on June 22, 1937.

Convention concerning the age for admission of children to non-industrial employment (revised 1937), adopted as a draft convention by the International Labour Conference at its twenty-third session on June 22, 1937.

Convention concerning the reduction of hours of work in the textile industry, adopted as a draft convention by the International Labour Conference at its twenty-third session on June 22, 1937.

Convention concerning safety provisions in the building industry, adopted as a draft convention by the International Labour Conference at its twenty-third session on June 23, 1937.

EXTERNAL RELATIONS

CREATION OF STANDING COMMITTEE

Hon. C. P. BEAUBIEN moved:

That a new standing committee of this honourable House be created, called the Standing Committee on Foreign Affairs, for the purpose of dealing with matters of international concern, and that the rules of the House be amended accordingly.

He said: Honourable members, I need say very little, it seems to me, in explanation of the motion which stands in my name. Perhaps I should say, however, that since I furnished the House with explanations when the notice of motion was placed on the Order Paper, conditions in Europe have become much more ominous. The shadow of Hitler has been cast over Austria. The Prime Minister of Great Britain, as he stated in the House of Commons, has thought it necessary, in order to prevent war, to deal directly and immediately with Italy, and has even dispensed with the very valuable services of a statesman like the Right Honourable Anthony Eden.

If the situation was dangerous before, what is it to-day? It seems to me that every thinking person in Europe or on this side of the water must be asking himself, "Whither are we going?" In the darkness we should like to have some light, and in my opinion the creation of this committee would afford a means by which the members of this House could get, from a gentleman whom I might refer to as the ambassador-at-large of the Government, the honourable the leader of this House (Hon. Mr. Dandurand), all the information that it is possible to have on foreign affairs. I have discussed this matter with a number of my colleagues in this House, and the conclusion has been unanimous that we need all the information available, so that we may make up our minds as to what we would do if in the darkness the lightning were to strike and another war were to sweep over the world.

To these few remarks I would add only the suggestion that in order to make the committee wider in scope we might change its name to "the Standing Committee on External Relations and on matters relating thereto." This would permit all international matters to come within the ambit of the committee.

Hon. RAOUL DANDURAND: Honourable senators, I do not know whether I spoke on the occasion when my honourable friend gave notice of this motion, made a short explanation, and was followed by my honourable friend from Vancouver (Hon. Mr. McRae). If I did not say so then, I desire to say now that I see no objection to the motion. Many questions would come within the purview of the committee to be formed. I realize that we are breaking new ground, and we shall have to walk circumspectly when dealing with matters that concern not only Canada but also other parts of the Commonwealth. However, we shall attend to these matters to the best of our ability.

Hon. A. D. McRAE: Honourable senators, it is unnecessary for me to say again that I am favourable to the formation of this standing committee. The change of name proposed by the honourable senator from Montarville (Hon. Mr. Beaubien) will include, I understand, a rather wide field. I have particularly in mind some resolutions that I have received from the Wild Game Maintenance Association of the Western Provinces, who are particularly anxious to have the subject of game conservation presented. Many similar questions will arise from time to time, and, as I understand, the proposed committee would be empowered to consider these matters. I am therefore in favour of the establishment of this standing committee.

Hon. W. M. ASELTINE: Honourable senators, I am not opposing the motion. In fact, I think that such a committee would be a very important one and could do a great deal of good. At first I had it in mind to move in amendment that the work of the committee be broadened to include internal affairs as well. My idea was that the committee would be able to deal with conservation of the wild life of our country. As the honourable senator from Vancouver (Hon. Mr. McRae) has just stated, petitions have come to us from the Western Provinces, where, in the last few years, game birds have been depleted to a greater extent than I should like to state. Wild game are becoming less and less numerous as the years go by. It seems to me very important, therefore, that we should have a standing committee of the Senate to deal with conservation of the wild life of this Dominion. When I was a boy, living in the Ottawa valley, I did a great deal of fishing. At that time fish were plentiful in all the lakes and streams surrounding Ottawa and in Lanark county. Now you have to go miles and miles, sometimes hundreds of miles, to get good fishing, and probably farther still to get good hunting in the fall. At a later date I shall probably bring in a motion for the appointment of a standing committee on the conservation of our wild life. While agreeing to this motion, I did not want to let the occasion go by without giving some notice to honourable senators of what I may do in the future.

Hon. JOHN T. HAIG: Honourable senators, the Manitoba Game and Fish Association have written to a number of honourable members of this House, I believe, requesting that we do something along the line suggested by the honourable senator who has

just taken his seat (Hon. Mr. Aseltine). The association points out that the Senate of the United States formed a committee on conservation of fish and wild game, and that it has already made great strides. Further, large areas have been set aside over there for preservation of wild life of all kinds. It is suggested that if a similar course were followed in Canada we should be very much benefited. Some game birds, such as ducks and geese, travel north and south, and both countries have much the same problem with regard to them. At a recent meeting of game preservation associations from the whole of the United States, it was announced that more than ten million persons had been signed up as members of these organizations. This gives some idea of how active they are.

I was asked to propose that a committee be established in this House along the lines of the committee of the United States Senate. If the present motion is wide enough to empower a committee to deal with this subject of game and wild life, I am perfectly satisfied; but if it is not, I should certainly like to have it broadened.

Hon. J. A. CALDER: Honourable senators, it is quite a long cry from ducks and geese to the situation that was pictured by the honourable gentleman to my right (Hon. Mr. Beaubien). I am not opposing the motion, but for the life of me I cannot see where in the world the committee will ever get. There is a most complicated situation in Europe. A dozen countries or more are involved most intricately, and their governments are dealing with that situation in many ways that we never hear about and may never expect to hear about, though we may see the results sometimes. We must not get the idea that if we appoint this committee we shall be given all the information possessed by the governments in all those European countries. Never in the world could we get it. Where would our information come from? What would be the source of the committee's information? Would it be the Prime Minister of Canada? Well, I doubt very much whether he would tell us a great deal.

Hon. Mr. POPE: He is a wise bird.

Hon. Mr. CALDER: Yes; people have to be wise in such positions. It may be desirable to set up a committee as proposed, to deal with some problems. No harm would be done anyway, and we could see what value it had as we went along. But I am afraid we never shall get any information that will enable us to conclude how the European situation should be handled. That is my view at the moment. I may be wrong. However, as I have said, I do not see that any harm can be done by creating the committee and doing as much as we can to save game fish and wild life.

Hon. JAMES MURDOCK: Honourable senators, I should like to ask a few questions with regard to this motion. I understood the mover (Hon. Mr. Beaubien) and the honourable senator from Vancouver (Hon. Mr. McRae) suggested that affairs of international concern would come before the committee. Would they include, for instance, such a matter as that of an international bridge at Niagara Falls, which is now before us? And would they include the Copyright Amendment Bill, also before us just now, which has a direct bearing upon a convention entered into by various nations many years ago? The honourable mover of the motion (Hon. Mr. Beaubien) nods his head to signify Yes.

Then may I ask, if the aims and objects of the committee are to be as he has outlined, does he not regard this language in his motion, "for the purpose of dealing with matters of international concern," as unfortunate? "Dealing with matters" would appear to contemplate dealing with them to the point of disposing of them. I think it would have been more appropriate if the honourable senator had said, "for the purpose of considering matters of international concern." One gentleman said to me the other day, "The Senate is now going to set up a committee to usurp the powers of the Department of External Affairs of the Federal Government. A Senate committee is going to deal with all those matters." Now, I know my honourable friend does not intend that, but would his motion not be clearer if he would substitute in it some such words as I have suggested?

Right Hon. ARTHUR MEIGHEN: Honourable senators, I certainly will not oppose the motion. I am not sure that I should be so complacent were I sitting in the seat opposite, but I presume the leader of the Government feels the committee would do no harm.

The Senate of the United States is of course not at all analogous to this House as regards foreign affairs. In that country all foreign treaties must be approved by that single body, and only by it. Here treaties are indeed effective even if not approved by Parliament at all, though the present custom, becoming a constitutional practice, is to obtain the approval of Parliament. Clearly, therefore, we cannot expect any committee of our Senate to have anything like the same status of authority in respect of external affairs as the committee of the United States Senate possesses.

Nor should I expect that officers of the Department of External Affairs, who alone would have information which is denied even to the press, would likely give a committee of this House information that they were not prepared to disclose to Parliament. A committee might be able to make some special studies of certain phases of our external relations, but these could be only in the nature of informative studies for the benefit of the House, and in no sense could they be administrative acts. I should think that at first the committee would probably confine itself to matters of immediate and practical concern which have to do with external relations, such as the protection of migratory birds.

Hon. Mr. CALDER: Trade treaties.

Right Hon. Mr. MEIGHEN: The honourable senator from Parkdale (Hon. Mr. Murdock) asked if such a matter as an international bridge would be dealt with by the committee. If the matter were before us in a bill, it would be for the House to choose whether the bill should be sent to this committee or to the Railways Committee, to which hitherto such measures have been sent. The same procedure would apply to the other instance mentioned by the honourable senator from Parkdale. But undoubtedly he is right in suggesting that the resolution should read rather less peremptorily than it does now. I would suggest that it read this way:

> That a new standing committee of this honourable House be created, called the Standing Committee on External Relations and all matters having to do therewith, to consider and report upon the same, and that the Rules of the House be amended accordingly.

Then certainly the committee would be wide enough to include the subject emphasized by the honourable the junior senator from Winnipeg (Hon. Mr. Haig).

I do not like at all the term "foreign affairs" in relation to Canada. Perhaps I am out of date, but it seems to me very presumptuous for us to be talking about a foreign policy. Professors write very learned books and magazine articles on the subject. I read a book a little while ago, before it was finally published, about the foreign policy of Canada. The term is altogether too embracing. If we are to have a foreign policy we must launch upon a course of conduct wholly different and mightily more portentous than we are embarked upon to-day. We have external relations, of course, but that is a less ambitious term. It does seem hard to comprehend how people take this country so seriously as a great, influential factor in world affairs. I do not want to minimize our strength and our growing consequence, but this picture of Canada constantly assuming to lead democracies in matters of foreign affairs is really pretty tiresome. We had better realize just where we are and what we amount to, and behave accordingly.

Hon. Mr. BEAUBIEN: I do not think I can give any further information. My motion has been very happily revised, and I am thankful to the right honourable leader on this side of the House for his suggestion. I might tell him that I had no such ambition as that which has been hinted at.

Right Hon. Mr. MEIGHEN: I know that.

Hon. Mr. BEAUBIEN: We are not the makers of world conditions; but we may find it very hard to get away from the consequences of those conditions.

Right Hon. Mr. MEIGHEN: Hear, hear.

Hon. Mr. BEAUBIEN: That, I take it, is not open to contradiction. Therefore should we not try to get all the light that can prudently be cast upon the road we are travelling —against our will, if you like? What objection is there to our seeing ahead as far as we can? Why should we in the slightest degree hesitate to ask our Department of External Affairs to give us all information that can prudently be furnished?

Right Hon. Mr. MEIGHEN: That is all right.

Hon. Mr. BEAUBIEN: Surely, honourable members, to-morrow we may have a full-dress discussion on foreign affairs. After all, this House has to deal with every treaty that Canada enters into, and every phase of foreign affairs. Would it not be much more satisfactory for us to be well informed, so that, being much better posted than we are to-day, we may, as the honourable leader of this House has said, tread warily on thin ice, if there be any?

I do not want to prolong the discussion, but I may add there are many phases of external affairs as to which I should like to know what the Government intends to do. For instance, now that the Prime Minister of Great Britain has declared his country's attitude towards the League of Nations, what is to be our attitude towards it? Surely there is no objection to our being informed as to that. I repeat, I had no ambitious intentions such as have been hinted at. All I want to get is such light as may be prudently thrown on external relations, and that I think I am fairly entitled to.

Hon. J. P. B. CASGRAIN: I am very sorry not to be able to agree with the honourable member from Montarville (Hon. Mr. Beaubien). If we are to be furnished information here in the open, how can we prevent that from reaching a potential enemy? One of the weaknesses of the League of Nations was that it discussed ticklish international affairs in public. Diplomacy is never conducted in the open. Talleyrand said that language had been given to man to disguise his thoughts. How can we disguise our thoughts in frank discussion? I have great faith in the Empire. If the possession of such faith constitutes an Imperialist, then I am one. British statesmen and diplomats are the best trained in the world. Look at the way in which they have extended the Empire within my lifetime. Even if we locked the doors of this Chamber and had secret sessions, the gist of our discussions would leak out, to the advantage of any potential enemy. I do not think it is wise to show your hand. I have never played cards in my life, but I know you never show your hand in a card game.

Hon. Mr. POPE: I would suggest that a better name would be the League of Notions.

Hon. Mr. MURDOCK: Does my honourable friend intend to amend his motion as suggested?

Hon. Mr. BEAUBIEN: Yes. I asked leave a moment ago to change the wording.

Right Hon. Mr. GRAHAM: The remarks of the honourable the junior member from Winnipeg (Hon. Mr. Haig) suggest a question to my mind. Every province has its own game laws. The proposed committee should take into account that in several of the matters mentioned we cannot interfere with provincial laws.

Right Hon. Mr. MEIGHEN: The protection of migratory birds comes under external relations. It has nothing to do with provincial jurisdiction.

Right Hon. Mr. GRAHAM: No, not that. I was thinking of local fish and game laws.

Right Hon. Mr. MEIGHEN: It is not intended to bring those matters before the proposed committee.

Right Hon. Mr. GRAHAM: I am glad to hear that; otherwise I should have had to take objection. The provinces have their own inspectors to enforce provincial fish and game laws.

The Hon. the SPEAKER: The motion as amended will read:

That a standing committee of this honourable House be created, called the Standing Committee on External Relations and all matters having to do therewith, for the purpose of dealing with matters of international concern, and that the rules of the House be amended accordingly.

Right Hon. Mr. MEIGHEN: I think the latter part, "for the purpose of dealing with matters of international concern," should be changed to read, "to consider and report upon the same."

Hon. Mr. McMEANS: Does that affect trade relations?

Right Hon. Mr. MEIGHEN: No.

The Hon. the SPEAKER: Those words, "to consider and report upon the same," are to be substituted as stated.

The motion as amended was agreed to.

TRANS-CANADA AIR LINES BILL

SECOND READING

Hon. Mr. DANDURAND moved the second reading of Bill 29, an Act to amend the Trans-Canada Air Lines Act, 1937.

He said: The purpose of this Bill is to correct two omissions in the Act of last session. Under agreement made some two years ago by the Governments of Great Britain, Ireland, Newfoundland and Canada, each Government is to take a proportion of stock in a company to be formed to operate a trans-Atlantic air-line service. The first amendment gives authority to Trans-Canada Air Lines to purchase Canada's share of stock in that company. This authority was inadvertently omitted from the Act, although the Minister of Transport stated last session that the necessary funds had been provided.

The purpose of the second amendment is to correct another omission. It will be recalled by honourable members that the route of Trans-Canada Air Lines as originally laid out between Montreal and Moncton goes over the State of Maine. A strict reading of the Act would not permit Trans-Canada Air Lines to operate outside Canada. Accordingly subsection 1 of section 15 is amended to cover operation "between points in Canada and points outside of Canada, over routes wholly within or partly within and partly outside of Canada."

Right Hon. Mr. GRAHAM: Is not the consent of the United States Government necessary for the crossing of its territory?

Hon. Mr. DANDURAND: Yes. I think an agreement has been arrived at between the United States and Canada in this regard.

Right Hon. ARTHUR MEIGHEN: Honourable members, I have read the very brief discussion which took place in the other Chamber, and if I offer anything by way of criticism, or even question the whole policy, I cannot boast of having found any encouragement to do so from my perusal of that discussion. There all parties seemed to be agreed; one had only to be air-minded in order to see virtue in every enterprise having to do with aviation.

When, two years ago, we passed a measure authorizing the establishment of a Canadian air service, I questioned its wisdom. Generally speaking, in business the shrewd, long-headed fellow waits for the other fellow to carry out experiments. If after one, two or three trials success is attained, the experimenter is lucky and usually does very well; but as a rule the man who sits by and waits until new things are perfected and become stabilized is best off by the time he reaches old age. The same principle operates in the life of a nation. I cannot see why Canada is rushing to the front to become a pioneer in aviation.

I know we must have certain aviation services. Where a commercial demand for any such service exists it will be satisfied by private enterprise. Possibly some little encouragement should be given in the way of training, or provision for training, and the like, for aviation services in districts where it cannot be furnished by our other transportation agencies, such as in the North.

So far as I am aware, the plan which we launched two years ago for the establishment of an air service across the Dominion has not succeeded; nor has anything on such a scale succeeded anywhere. If my information is correct, no commercial success has attended a corresponding venture in the United States. Yet that country has thirteen times our population; its land contour is better fitted than ours for the establishment of such a service; its climate also, regard being had to the entire year, is more favourable to air travel.

Would it not have been wiser to wait until we could measure the financial results of a similar enterprise over there, and not consider ourselves lacking in vision if we did not keep step with them? I venture to say there is a great deal more to be learned about transcontinental aviation, and I should like to observe its operation from the side-lines rather than plunge into the financial risks involved. This is especially true because of the situation of our National Railways. We are continually bemoaning our awful railway burden. And we cannot bemoan it too much, for as a result of the enormous railway debt and annually recurring operating deficits, taxation is crushing us to-day. But although so lamenting, we are at the same time engaged in throwing millions of dollars into an enterprise which will compete to take away business from our railways.

This Bill, of course, does not launch the enterprise. I believe its purpose is merely to correct two omissions, though I cannot just understand why the first omission was made. The Act of last session provided for the establishment of an operating company, the whole of whose stock was to be subscribed by the Dominion of Canada—that is to say, by the National Railways. We were told then that the Canadian Pacific Railway Company had stepped aside because it could not get control. I do not know why it stepped aside, but I am thoroughly sure it did step aside. But we did not: we stepped right into the middle, and had the privilege of acquiring all the stock.

The Act also provided that the corporation, in addition to establishing this Canadian transcontinental air service, could also take stock in an international company, to be subscribed for co-operatively—a very fine word—by Great Britain, Ireland, Canada and Newfoundland; Newfoundland's share being kindly put up by Great Britain. Great Britain is to have 51 per cent, which is quite right, I suppose, as she is doing all the pioneering. I can realize that Great Britain has a real object to serve by pioneering this way. If she does not do it, who will? Certainly she cannot afford, because of her international position, to be behind in respect of training of this kind.

But it is said that two years ago we provided the money to do all that we are now taking statutory power to accomplish. That is an agreeable way of putting it. I do not think we provided the money. What is meant, I think, is that we provided stock that can be taken up when we get the money. But we have to get the money.

So we are now right in the forefront of trans-Atlantic aviation, and we are putting in more money—a vast amount of money, I should say, because I do not think $1,250,000 is going very far. It will get us just about as far as the first $10,000,000 got us with the Canadian Pacific Railway; or perhaps it would be better to say about as far as our first contributions to the Canadian National Railways got us in the establishment of that system. We are launching into trans-Atlantic aviation, going in as a junior partner to the extent of the 24½ per cent which the Canadian National Railways will have. That means, of course, removing its deficit. I hope this suggestion will cheer the heart of my

honourable friend to my right (Hon. Mr. Calder), who does not look upon the prospects of clearing that deficit with very pleasant anticipation. It is all right to be air-minded, but is it not about time that we in Canada became economy-minded? I know exactly where we are going to land. I hope I shall not be regarded as a pessimist because I make the statement so positively. We have seen provinces land there, and we are going in just the same way. The wiser course for this country is to measure its potentialities and its present assets against its liabilities and to behave accordingly, and if it does that it will let richer and bigger countries do the experimenting, and will gain wisdom by observation rather than in the way in which it was gained in connection with the Canadian National Railways.

This Bill will have to go to committee. As to the second clause, I cannot see any objection. It merely says that if in the establishment of our transcontinental service it is necessary to cross American territory we shall have power to do so. No doubt we shall have to cross the state of Maine. Already there is a service between Seattle and Vancouver, and I presume there is some service over the state of Maine; so there is no reason why the Bill in this respect should be objected to.

I only give my way of looking at the matter. There was not a member of the other House who had views in common with these in any way whatsoever; but I cannot see the wisdom of our getting into the pack and leading the air race, especially at the expense of our railways.

Hon. RAOUL DANDURAND: I have no memorandum which I can read, justifying the policy that was adopted last year, although I must have had one when I presented the Bill to this Chamber. What occurs to me is this. After our study in committee of what our air lines were accomplishing, I quite understood from the splendid work done towards the north, starting from the base line of our railways, that we might well defend a policy which would permit of a fast connection being established for our nine provinces under the auspices of one of our trans-continental lines.

My honourable friend from Montarville (Hon. Mr. Beaubien) said last week that he knew our railways were already losing business to road, water and air transport. I quite understand that we should be thinking of future transportation, which will be constantly increasing. I was astounded at the figures given us in committee last year as to the tonnage carried by various companies to parts of the north country, even though they are not served by a railway. But there must be some justification for organizing at once a service that will link our provinces together and will provide transportation from the Atlantic to the Pacific in about one-quarter of the time taken by the railways.

As to the trans-Atlantic line, Great Britain is very much interested. Ireland—I think it is Southern Ireland, because the route will pass through Southern Ireland—is also very much interested; and I have read of a discussion which indicated that the United States felt they should have the advantage of the terminal of a British trans-Atlantic line. Since we have established a transcontinental line of railway, it seems quite justifiable to link up with British institutions, and to allow them to join with us in feeding our trans-continental line. The aviation principle is developing rapidly, and I think that the experiments made justify countries in establishing regular lines across the ocean. Some twenty years ago, when Bleriot flew across the Channel for the first time, I foresaw that before very long someone would be hopping over the Atlantic. This has come to pass, and now there are in the postal services gigantic aeroplanes capable of carrying dozens of passengers and tons of freight. I believe that those who are alive ten years from now will be able to leave Montreal or Ottawa in the morning, have dinner in London, and come back overnight.

Right Hon. Mr. GRAHAM: Why?

Hon. Mr. DANDURAND: They may do it of necessity or for pleasure.

I have no details at hand, but I know that a service is to be regularly organized, and I see it as an important feeder for our trans-continental line.

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

REFERRED TO COMMITTEE

Hon. Mr. DANDURAND: I would move that the Bill be referred to Committee of the Whole to-morrow.

Right Hon. Mr. MEIGHEN: The last airways bill went before the Committee on Railways, Telegraphs and Harbours.

Hon. Mr. DANDURAND: My right honourable friend has suggested a slight amendment, I think. If he did not, there is a word to be eliminated.

Right Hon. Mr. MEIGHEN: The word "mails." That is very easy. I know the Bill went before the Committee on Railways, Telegraphs and Harbours last year. I am not

going to insist if no others are interested—I may be entirely alone in this matter—but I should like to hear another discussion of the merits of the whole situation when the Minister is present.

Hon. L. COTE: Last year when the Bill was before the committee we had the Minister present, and although the leader of the Government has said to-night that this trans-Atlantic service would be a feeder to our Canadian railway lines—

Right Hon. Mr. MEIGHEN: No.

Hon. Mr. COTE: That was my impression last year until I went to the committee, and I remember distinctly that the Minister expressed the opinion that the transcontinental air line would not affect the railway lines in any way. He said it would not compete with them and would not help them. I remember that the Bill provided for only 51 per cent ownership by the Canadian National Railways, and that participation to the extent of 49 per cent by other companies was provided for. Being green at the game, I was fearful that the 49 per cent would be given to other companies to the detriment of the Canadian National Railways. I was told by the Minister there was no fear of that; that the trans-Canada air line would not compete with the Canadian National Railways or any other railway, but would carry only what I think he called "created freight"—something entirely new, which the railways were not handling.

Hon. Mr. DUFF: It would go in circles.

Hon. Mr. COTE: It would carry freight created by the service. If this Bill goes to committee, I think it would be very interesting to learn from the Minister how the service has been getting along. It has been in existence for some months, and before we extend it to cover the Atlantic that information would be of advantage.

Hon. Mr. DANDURAND: I think my honourable friend has misunderstood my statement in regard to the trans-Atlantic airway bringing goods and mail here, and being a feeder to our own transcontinental air lines.

I have no objection whatever to the Bill being sent to the Committee on Railways, Telegraphs and Harbours, so that we may have an expert from the department present to explain the whole situation and the functioning of this new trans-Atlantic line. I would move that the Bill be referred to the Committee on Railways, Telegraphs and Harbours.

The Hon. the SPEAKER: Honourable members, has the honourable gentleman leave to withdraw his previous motion, and to substitute the motion that the Bill be referred to the Standing Committee on Railways, Telegraphs and Harbours?

Right Hon. Mr. MEIGHEN: There is one point of which I think honourable members should be aware, even before they repair to the committee. What the honourable senator (Hon. Mr. Côté) says is right. When the Bill was expounded to the committee two years ago it was contemplated that Canada would own 50 or 51 per cent, and that the remainder would be subscribed for—eagerly subscribed for—by other aviation companies. But it is clear, as related recently very close to where we are sitting, that although the other companies did come forward they did not produce any cash. What seems to be worth cold cash to the Dominion did not seem worth it to them. What they were ready to give, apparently, though it has not been stated, was some kind of stock. But the Government decided to take the whole thing over, and a new situation has arisen. The Canadian National Railways are now 100 per cent owners of the new venture.

Hon. Mr. DANDURAND: But they can dispose of the stock.

Right Hon. Mr. MEIGHEN: To whom?

Hon. Mr. DANDURAND: Anyone who has the cash.

Right Hon. Mr. MEIGHEN: And likewise we can dispose of the stock of the Canadian National Railways.

On motion of Hon. Mr. Dandurand, the Bill was referred to the Standing Committee on Railways, Telegraphs and Harbours.

PRIVATE BILL

SECOND READING

On motion of Right Hon. Mr. Meighen, Bill A, an Act respecting the Dominion Association of Chartered Accountants, was read the second time.

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

THE SENATE

Wednesday, March 9, 1938.

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

Prayers and routine proceedings.

CANADA'S RAILWAY PROBLEM

MOTION—DEBATE CONTINUED

The Senate resumed from yesterday the adjourned debate on the motion by Hon. Mr. Beaubien:

That, in the opinion of the Senate, the Government should be urged to settle the railway problem of Canada at an early date in order to stop the ruinous loss made each year by the Dominion through the Canadian National Railways, and which already amounts to several billion dollars.

Hon. RAOUL DANDURAND: Honourable senators, it is unnecessary to state that the address delivered by the mover of this motion, the honourable senator from Montarville (Hon. Mr. Beaubien), was very interesting indeed. That is true of the address as a whole, but I have in mind at the moment particularly his references to our federal, provincial and municipal obligations, which are, in the main, incontrovertible. I must confess, however, that his conclusions on this subject were somewhat depressing and perhaps a little pessimistic. We all should realize that we are just moving out of a period of depression that has staggered the world. But for our unemployment problem and our Western drought calamity, I think we should be able to congratulate ourselves on the good condition of federal finances, at all events. We should not forget that throughout that economic crisis our people displayed their native stamina and withstood the strain courageously and well. I suggest with hope that we shall have a return to the brighter days of normal conditions. But, without going into financial details, I may say that in the meantime the world envies our lot. They see, as we ourselves have seen, that our people are at work, doing wonderfully well. Our exports are an evidence of our production. Yet our railway problem is still with us.

I will not discuss the liabilities of the Canadian National Railways at length. I will only deal with that part of the honourable gentleman's address in which he spoke of the Canadian National debt as having passed the three billion dollars mark and being added to at the rate of $100,000,000 a year. I should like to remark that this represents the funded debt to the public, which is for the most part guaranteed by either the federal or the provincial governments of Canada, and also what is known as Dominion of Canada account, which includes loans to railways $686,000,000, interest on these loans accrued and unpaid $530,832,000, deficit on interest charges $284,416,000, and cost of construction of the original Government railways, built as a public work, $405,000,000. My honourable friend sets up an interest charge of $75,000,000 on this immense sum, and then adds $40,000,000 as deficit, forgetful of the fact that this deficit item is already included in his total of three billion dollars.

As to the original Government railways, there is no more reason for calculating interest on that investment than on the investment in our canals, harbours or public buildings. It should be borne in mind that the deficits referred to are deficits consisting of interest charges and that there are no deficits on operation of the Canadian National, which provides a net operating revenue of about $15,000,000 a year. The Ottawa Journal of yesterday supports this view in an editorial headed, "A Fictitious Five Hundred Millions."

This does not get over the conviction that we all have, that the situation is a very serious one. That situation became acute and was revealed when the War was on. The Drayton-Acworth Royal Commission of 1917 surveyed the whole field at that time and went deeply into the various problems which were engrossing the mind of the public. After examining suggestions for private and for public ownership it rejected both in the following terms:

We do not think that a railway monopoly is desirable either in the hands of a company or in the hands of the State. We are convinced that the people of Canada who have spent or guaranteed—whether wisely or not is not now the question—hundreds of millions of dollars, largely with the object of breaking a private monopoly, would never consent to the re-establishment of a still greater monopoly, even if the Government were a partner in the concern.

In 1925 a committee of the Senate made a lengthy inquiry and also rejected any idea of merger. The Duff Royal Commission of 1931 came to the same conclusion. It said:

To establish a monopoly of such a magnitude would place in the hands of those responsible for the administration of the system powers that would, if not properly exercised, prejudice the interests of the Dominion as a whole.

The Duff Commission also rejected the idea of leasing the Canadian National to the Canadian Pacific, in perpetuity or for a definite time, and said it did so because the lease would tend to a merger. It recommended separate maintenance of the two entities.

What the Senate favoured in 1925 was a middle-way proposal for continuing the separate entities, but under unified management as to administration and operation. The Senate committee's report asserted that unified management would remove or dispense with duplication in railway tracks and rolling stock, in passenger and freight services, in railway stations from the Atlantic to the

Pacific, in telegraph, express and other services, in offices, in accounting and bookkeeping, in numerous other special offices and in administrative boards, staffs, and so on. This report came before us in the last days of the session of 1925. During the election campaign which followed closely upon prorogation that year this matter was not discussed before the people; nor was it discussed in the campaign of the following year. Perhaps a special reason for silence on the subject during the election of 1926 was the recovery which manifested itself in the latter part of 1925 and in the next year.

The recovery at that time was so marked that Mr. Beatty became optimistic and was then in favour of competition. Speaking before the Canadian Club at Montreal, on March 15, 1926, he referred to a statement which he had made before the Senate committee. The Montreal Gazette report of his address was given under the following heading:

Says competition in transportation spurs efficiency.

Referring to his appearance before the Senate committee, he said:

I was asked if I believed in a railway monopoly for this country, and I answered that while no one should attempt to forecast the conditions in this country for the next few years with that certainty which would justify a definite and unchangeable view, that I did not believe in a monopoly, and I did not believe in it for a reason that was perhaps in a peculiar way the result of my own experiences. I said that I thought a merger of these two principal properties would involve difficulties in administration which were scarcely contemplated and which would in time affect the character of the service given to the public; that I did not know how it could be possible, with the best executives, the most loyal and efficient officers and most patriotic board of directors, for an enterprise with one hundred and fifty thousand employees to be maintained in the highest state of efficiency without the spur of competition. We must admit that consolidations, properly conceived and carried out, are capable of effecting great economies. There is no way in which the same amount of money can be saved in a short space of time, and it may be that the people of Canada will have to determine at some stage whether the obvious disadvantages of consolidation are outweighed by the financial interests or necessities of the country.

I may be wrong in my point of view, but it is extremely difficult to maintain a high morale and that "on his toes" attitude of railway employees when they have nothing to measure their efforts against, and when, so far as they are concerned, the struggle for results is taken away because there is no one else in the ring.

And he adds this obvious remark, which he has repeated since:

Railway rearrangements can save money but they cannot create new traffic, and in the last analysis traffic volume, which means the country's development and commercial prosperity, will determine the extent of the transportation burdens of this country.

Right Hon. Mr. MEIGHEN: When did he give that address?

Hon. Mr. DANDURAND: March 15, 1926. We did not hear of the Senate resolution during 1927 and 1928, for they were prosperous years and railway revenues were increasing. The slump, which set in towards the end of 1928 and gathered momentum throughout 1929 and 1930, began to cause alarm among the railway fraternity, and the railway companies asked for an inquiry.

Hence the Duff Commission came into being. It made an exhaustive study of railways and transportation, as my honourable friend from Montarville (Hon. Mr. Beaubien) has said, and absolutely rejected the principle of a merger of the two railway systems either under private or public ownership. The Commission also examined the possibilities of unified management. The Senate resolution was brought to its attention, with the statement that unification would effect an annual saving of about $75,000,000 through abandonment of rails to the tune of some five thousand miles or more, and consolidation of stations, yards and terminal facilities, of locomotive and car shops, and of supervisory and managerial organizations.

Mr. Beatty—as he was when he appeared before the Duff Commission in 1932—declared himself against competition, although in 1926 he had urged its advantages. He proposed consolidation of the two railways by a lease of the Government lines to the Canadian Pacific on a profit-sharing basis. Here are his words:

I suggest to you, with deference, that the object to be sought is the securing of an incentive to efficiency, coupled with a sense of responsibility which secures economical operations, and that this result can only be achieved under private operation of the railways of Canada. This belief leads me to the conclusion that under existing conditions in Canada the only solution which will stand the test of the country's necessities is a consolidation through a lease on a profit-sharing basis of the Government railways to the Canadian Pacific.

He estimated that on the basis of the 1931 operating figures this would result in a saving of $60,000,000. A month later he filed a statement with the Commission showing possible annual savings of $6,340,000 through co-operative arrangements and $75,000,000 by unification of the two systems under private management.

Mr. Beatty was asked whether there was any method by which the lines merged under his proposal might be "unscrambled" later. He replied:

I do not think they are "unscramblable" if your effort is to secure maximum economy. My view of that has always been that if you approach this with the idea that you are going to have maximum economies, you cannot at the same time restore those in a few years in the condition in which you got them. I do not think that is possible. If you are going to abandon a piece of track because you don't need it, you won't save much if you say in five or six years, "I have to give it back in the condition in which I got it."

Sir Henry Thornton estimated a saving of $60,000,000. His opinion on amalgamation under some unified form of administration or private ownership will be found at page 668 of the proceedings of the Commission, as follows:

Amalgamation under some unified form of administration will, in theory, produce the maximum of economies, of which a material proportion will doubtless fructify. It has been estimated that these economies would yield a return of something like $60,000,000 per annum, increasing progressively from the first year and reaching the figure named perhaps at the expiration of a five-year period. Whether all of this sum can be salvaged by amalgamation is arguable, but whatever it may be should not be ignored in the discussion, and it would represent after its full attainment a continuous and annual return.

Speaking of the influence of politics on the management of railways, he said, as reported at pages 668 and 669 of the proceedings:

This difficulty would of course be removed if the two railways were amalgamated under private ownership; but at once there is aroused in the minds of the citizens of our Dominion that fear which is quite justifiably displayed whenever a great and formidable monopoly appears—a fear which the activities of many monopolies in the past have justified. There will also be the criticism that with the removal of competition there is bound to be a deterioration in service and efficiency, irrespective of the desire and effort of the management to avoid such results.

In short, for a variety of reasons the amalgamation of the Canadian National and the Canadian Pacific would be definitely repugnant to the people of the Dominion in my judgment; and, apart from anything else, it becomes politically impracticable. I believe it must therefore be discarded as a solution.

It will be seen from the foregoing that while Sir Henry Thornton had theoretical views on amalgamation and unification, yet he definitely discarded the idea that either was a solution of Canada's railway problem.

Later on Mr. Beatty was again examined before the Commission, when he spoke on the necessity of complete unification. His views will be found at page 2410 of the proceedings of the Commission. I cite them:

I would point out the self-evident fact that maximum economies are only possible through complete unification. The more favourably situated lines, the better facilities and equipment of the two companies would be available to carry out the combined operation in the most efficient manner and at the least expense.

It is evident that complete unification bespeaks permanency. There would be but one railway system. The Duff Commission saw in unified management a permanent fusion, an unscramblable proposition, and as it had rejected merger and monopoly under private or public ownership, quite logically it also rejected unified management, which in its opinion meant a permanent merger. As the two railway systems could not in that event be separated subsequently and restored to their former condition as individual systems, the Commission, after examining the whole field and considering the various proposals submitted, reported in favour of co-operation.

Sir Edward Beatty's unification plan would doubtless ensure economies if it remained in the realm of theory and did not touch the earth. Unfortunately—or fortunately—railways run on the ground. They are serving human beings, for whom they were built.

At the time Mr. Beatty appeared before the Commission the railways had a free hand as to abandonments and rail-lifting; but under an amendment made to the Railway Act about a year and a half later no such steps could be taken without approval being first obtained from the Railway Commission. Mr. Beaudry Leman, a member of the Duff Commission, drew the attention of Mr. Beatty to the change, and this interesting conversation will be found at page 2459 of the proceedings:

Commissioner Leman: In your project of unification do you visualize carrying on through the instrumentality of the Canadian Pacific Railway, or have you been investigating the advantages or otherwise of a third body stepping in and carrying on—a body upon which the Government and yourselves would be represented and which, of course, would take the responsibility for everything that is to be done in the way of abandonments, including the dissatisfaction created thereby, and the bringing together of the policies of the companies, which would retain their identities?

Mr. Beatty: That is feasible. It has two disadvantages. It brings the Government into closer association with the administration of the properties than I think is wise, and it also renders doubtful the type that would be selected for appointment to the Board. The reason I suggested the Canadian Pacific as the means is that I would rather start with a Board that is known. I did think there would have to be added to the Board in course of time men not necessarily nominees of the Canadian Pacific Railway. If the Government selected the directors I would not like it, but if the Government established a tribunal to select them, an independent body composed of men, as I have mentioned, from the Canadian Bankers Association, the Canadian Chambers of Commerce and a judge of the Supreme Court, then of course you would be almost certain to get the type of men whose ability would justify the selection.

Commissioner Leman: Would there not be a great advantage from the Canadian Pacific Railway point of view in not having the odium and unpopularity of deciding? You have 5,000 miles of road that you contemplate abandoning. This is not a popular move.

Mr. Beatty: No. To that extent it would be helpful. Perhaps we could not escape our share of the responsibility, no matter what happened.

Commissioner Leman: But if you contemplate resuming your identity at a later date would there not be some advantage in having a third body during the intermediate period?

Mr. Beatty: We have always contemplated from the beginning that there would be an over-riding Commission which would be a court of appeal in all these matters. It would be in the shape either of a glorified railway commission or a separate and independent body which would pass on this very thing, and permit or refuse to permit the abandonment of properties in the public interest. I think that is essential. I do not think you should say to a private body of men like a board of directors, "You have unlimited power to do these things."

I would point out that we have never had the conditions under which the Canadian Pacific Railway Company would agree to unified management. Perhaps I should recall that the Senate resolution assured the Canadian Pacific a dividend on its common shares, which at that time were earning ten per cent. For several years the company has passed the dividend on its common stock. Surely no one to-day would guarantee the Canadian Pacific a dividend on that stock.

True, Sir Edward Beatty has often said, "Let us first agree on the principle, and then we will discuss details." I would suggest that the principal conditions of any projected association are usually based on what each party brings in and what it takes out as its share of profit. I have often wondered whether, in case the Canadian National capitalization were revalued on the basis of a part of its bonded indebtedness, so as to bring it to the level of the total bonded obligations of the Canadian Pacific Railway and thus to put the two systems on a fairly equal basis, the Canadian Pacific Railway would join in a scheme of unified management under which it would receive equal treatment in the apportionment of profits. I understand that the Canadian Pacific Railway was at one time desirous of ranking the Canadian National obligations with its own common stock, the Canadian Pacific to have the privilege of receiving interest on its obligations and on preferred stock. When the Canadian Pacific Railway invites the Canadian National Railways to come and play in its yard, the Canadian National is entitled to know what will be the conditions of the game, and I would suggest to Sir Edward Beatty that he drop generalities and give the public a fair outline of his plan.

One must not lose sight of the fact that any scheme of unified management would be contingent upon a financial arrangement satisfactory to the Canadian Pacific Railway. This aspect of the question is but an aside, as the Act of 1933 forbids amalgamation and unified management and control of the railway systems which form part of the Canadian National Railways. It must not be forgotten, and of course my colleagues around me do not forget, that the Act of 1933 originated in this Chamber and was unanimously adopted. I think I am quite logical, therefore, in stating that the Act of 1933 superseded the Senate resolution of 1925, and that it is now the law of the land.

Right Hon. Mr. MEIGHEN: Not quite. I wish it were.

Hon. Mr. DANDURAND: There was a change in the trusteeship, which I think was welcomed in many quarters, but the sense of the Act remained.

Right Hon. Mr. MEIGHEN: It was welcomed by the job-hunters.

Hon. Mr. DANDURAND: I will state what has been achieved so far under this Act and in conjunction with it. The stereotyped suggestion of $75,000,000 or $60,000,000 of savings under co-operation, or even under unified management, is at present, manifestly, a hopeless proposition. Apart from line abandonments, the co-operative measures which the two railways have put into effect since the passage of the Canadian National-Canadian Pacific Act of 1933, are estimated to have resulted in a joint annual saving of $1,092,500. These co-operative measures have had to do with the pooling of passenger services and the joint use of certain facilities. In the matter of line abandonments not a great deal has been accomplished, although a joint executive committee of the officials of the two companies has been giving continuous study to the possibilities of various proposals in this respect. Abandonment proposals are in two categories: (a) those relating to functionally duplicate lines, and (b) those relating to non-competitive thin-traffic lines. Those in category (a) are required to be dealt with under the Canadian National-Canadian Pacific Act of 1933; those in category (b) may be dealt with without reference to the Canadian National-Canadian Pacific Act, because no joint interest is involved, and each company may deal with such mileages as a purely company matter. But no mileage could be abandoned by either railway without the authority and approval of

the Board of Railway Commissioners, which hears argument for and against all applications.

The situation regarding co-operative line abandonments of functionally duplicate lines may be summarized as follows:

	Mileages C.N.	Mileages C.P.	Total	Estimated joint annual saving
2 projects actually accomplished	11	28	39	$42,300
15 projects approved by Joint Executive Committee, but no formal application for abandonment has yet been filed	330	295	625	525,600
13 projects studied, but rejected owing to lack of sufficient economy	Indefinite		407	....
19 projects still being studied	Indefinite		1,563	Indefinite
Total mileage			2,634	

Right Hon. Mr. GRAHAM: Are those the figures per year?

Hon. Mr. DANDURAND: Per year.

The situation with respect to thin-traffic branch lines is as follows:

	C.N.R. Mileage	C.N.R. Estimated annual savings	C.P.R. Mileage	C.P.R. Savings unknown
Applications granted	252	$261,000	80	....
Applications denied	271	186,000	40	....
Applications withdrawn	38	10,000	Nil	....
Applications awaiting decision of Board of Railway Commissioners	16	8,000	Nil	....
Applications on which action deferred	22	20,000	Nil	....
Total	599	$485,000	120	....

From the foregoing figures it will be noted that the economies resulting from mileage abandonments actually accomplished have been $1,087 per mile—the figure of my honourable friend from Montarville (Hon. Mr. Beaubien) was much higher—

Hon. Mr. BEAUBIEN: I said $2,000.

Hon. Mr. DANDURAND: —$1,087 per mile under joint arrangement, and $1,035 per mile from abandonment of thin-traffic lines. If it were possible to abandon the whole of the 5,000 odd miles included in the Canadian Pacific's unification abandonment programme, the resultant economies would amount to about $5,500,000; and as the 5,000 miles of line affected are 66 per cent Canadian National mileage, the Canadian National properties would bear the brunt of this dismemberment.

To secure the economies referred to, the consent of the Board of Railway Commissioners would, as already stated, be required in every instance, as would also the consent of the bondholders whose investment in former privately-owned lines would be affected. In addition, the wholesale abandonment of struggling communities of people who have settled along our colonization railways, and established industries which would be injuriously affected, would have to be considered. The $75,000,000 saving claimed for unification takes no account of the possible demands for compensation from such sources, nor of the cost of compensating employees displaced, who are estimated to number 22,314, or seventeen per cent, on the basis of last year's pay-rolls. In addition, the cost of lifting the rails themselves would be a considerable item, and this has not been taken into consideration by the proponents of unification.

With respect to the abandonment applications of the two principal railways during the past five years, the Board of Railway Commissioners has supplied figures, from which it will be noted that the mileage of Canadian National Railways abandonments refused by the Board exceeds the mileage of the abandonments granted. The figures are as follows:

Canadian National Railways—

Applications for abandonment	29
Mileage involved	614·81
Mileage granted	272·64
Mileage pending	28·52
Mileage refused	276·15
Mileage withdrawn	37·50

Canadian Pacific Railway—

Applications for abandonment	9
Mileage involved	172·92
Mileage granted	117·12
Mileage refused	55·83

At the time the Canadian Pacific abandonment programme was set up, proposals to abandon railway mileage did not require the approval of the Board of Railway Commissioners, but in 1933 the Railway Act was amended to read as follows:

Section 165 (a). The company may abandon the operation of any line of railway with the approval of the Board, and no company shall abandon the operation of any line of railway without such approval.

It may be opportune to indicate the difficulties that are met in the matter of co-operation by the two companies in their efforts to reduce expenses. During the session of 1934 the Minister of Railways desired to introduce bills to unify the telegraph and express services, with the consent and approval of the two railways, but he had to abandon his projects because, forsooth, of ominous rumblings which indicated that the bringing together of those two branches of the railway systems under a unified régime was regarded as the thin edge of a merger.

So much has been heard of Canadian National Railways deficits that the man in the street is usually surprised when he is told that since consolidation under the present arrangement in 1923 the system has never failed to meet its operating expenses, even during the worst years of the depression, and that at the present time it is able to achieve a net operating revenue of about $15,000,000, and to contribute, notwithstanding the uncontrolled and unregulated highway competition of recent years, more than $6,000,000 a year towards fixed charges due the public. This has been possible despite the fact that the railways constituting the Canadian National Railway System, unlike those of the Canadian Pacific Railway, were designed for operation not as a unit, but as competing systems. Furthermore, it must not be forgotten that the fixed charges of the Canadian National lines, guaranteed by the Dominion and certain of the provinces, are an inheritance from private ownership.

Inasmuch as the return of the National Railways to private management would not lessen the responsibility of the owners, the people of Canada, the question may well be asked whether it would cure our railway ills. On the contrary, any arrangement for unified management and operation would enlarge and increase the responsibility to the extent that the financial obligations of the private company were involved in it. At the present time the Government knows where it stands so far as its railway obligations are concerned. Does anyone know where it would stand under unification?

I have had occasion to repeat, after Sir Edward Beatty, that unification means permanency. One cannot retrace one's step. What will be the fate of the railways in five or ten years? My honourable friend from Montarville (Hon. Mr. Beaubien) has stated that every day the railways are losing more and more traffic to their competitors on land, on water and in the air. Then certain important questions arise. Under joint management, who would provide new capital? Who would be responsible for refunding? Who would issue the necessary security for the refunding, at maturity, of Canadian Pacific as well as Canadian National issues if business were not good? Would the Government's guarantee not be required? Under joint management, whatever happened, would the Government not be forced to furnish railway services? Would the Government not have to cover the yearly deficits? Would not the obligations of the State increase rather than diminish?

After all, the deciding factor in the railway situation is the amount of business offering. Unification would not increase railway traffic. That it would decrease present working expenses is doubtful in view of the fact that the estimated saving of $75,000,000 was predicated upon 1930 operations, and that since that time the combined operating expenditures of the two railways, even under separate management, have dropped from $382,000,000 to $286,000,000. This reduction reflects the economies which the two railways have been obliged to introduce in their own interests. It reflects also the lessened volume of business available to them. It is impossible to suppose that under any plan of operation, separate or united, an additional saving or reduction of $75,000,000 on expenditures can be made if the efficiency of the railways is to be maintained and a reasonable service provided.

Thus we arrive at the same conclusion as the Royal Commission did. The extreme competition to which that body directed attention is no longer in evidence. Both railways have learned their lesson in this matter and are co-operating whenever it is possible to do so within lines of existing legislation. Competitive branch-line construction is virtually a thing of the past, as are unwise or unnecessary hotel and steamship ventures. In 1933, when answering Mr. Beatty's point that competition and co-operation were incompatible, my right honourable friend (Right Hon. Mr. Meighen) said that as time went on the area of competition would be gradually reduced, while the area of co-operation would be proportionately enlarged.

As to hotels, I might mention in passing that an agreement has just been entered into by the two companies, to the very great advantage of each, for joint and equal use of the new Canadian National hotel at Vancouver.

Wholesale abandonment of mileage under the unification plan is recognized as being impracticable as a policy. But that fact ought not to prevent the two railways from studying abandonment projects that would not result in leaving struggling communities without railway service upon which they were dependent. In brief, the Government feels that within the confines of the present legislation, subject to the will and desire of the railway managements to co-operate, and subject also, if necessary, to the arbitral features of the Act, it will be possible to achieve whatever worth-while further economies can be achieved, without inviting by completely merging administration and operation of the railways and consolidating their physical properties the very grave potential dangers to which royal commissions have repeatedly directed attention, and with much less hardship and disturbance of the social and economic life of the country than would result from a merger of the railways.

The Government fully appreciates the gravity of the extent of assistance required to enable the Canadian National Railways to pay bond interest, and has explored every possible avenue for improvement. The results indicate clearly that any improvement possible through amalgamation or unified management would be trivial when compared with the dislocation of business that such a move would bring about. The policy of the Government will be to operate the Canadian National Railways as economically as possible and at the same time to put forward every effort to increase the volume of traffic, which is the real key to the situation. The Government is satisfied that only through increased volume of traffic can the railway problem be solved or the situation materially improved from the national viewpoint.

Now I come to the motion before us. It asks the Senate to urge Parliament to settle the railway problem of Canada at an early date. It offers no concrete proposal, nor any other kind of proposal. But its mover, my honourable friend from Montarville (Hon. Mr. Beaubien), suggests that the Government adopt the Senate's resolution of 1925. If he looks at its terms, though, he will realize that no one, not even he himself, would suggest them to-day. Present conditions are not those of 1925. The honourable senator adds that, if his suggestion is not acceptable, the Government should call in the best authorities in the land to give advice. But I would ask him: What tribunal does he suggest? Has he in mind another royal commission?

Hon. Mr. CASGRAIN: They are no good.

Hon. Mr. DANDURAND: The Duff Commission was composed of the highest authorities. Its members were: Right Hon. Lord Ashfield, of London, England, Right Hon. Lyman Poore Duff, Sir Joseph W. Flavelle, Mr. Beaudry Leman, Mr. Leonor Fresnel Loree, of New York, Mr. Walter Charles Murray, and Mr. John Clarence Webster. I am convinced that if they were reconvened to-day—and I doubt if my honourable friend or anyone else, after exploring the whole country, could suggest more capable men—they would maintain their conclusions of 1932, even under the present changed conditions. The Senate in 1933 had a public and exhaustive inquiry before adopting the Canadian National-Canadian Pacific Bill, which was based on the conclusions of that royal commission. Will the Senate in 1938 reverse its decision of 1933? Will it do so simply as a result of Sir Edward Beatty's campaign throughout the land? Will it do so without a serious inquiry, and without hearing the views and arguments of our own Canadian National executive?

My honourable friend has said that if the Government wants more light it should call in the best authorities in the land. To my mind, the best authorities are close at hand. They are charged with the execution of the will of Parliament. I refer to the members of the joint co-operative committee appointed by the two railway companies to effect economies as directed by the Act of 1933. The representatives forming that co-operative committee are: for the Canadian National, S. W. Fairweather, Director, Bureau of Economics, chairman; C. S. Gzowski, Chief Engineer of Construction, and N. B. Walton, Chief of Transportation; and, for the Canadian Pacific, H. D. Grout, Assistant to the Vice-President, chairman; R. B. Jones, Assistant Engineer, and G. C. Brooks, Chief Joint Facility Accountant. This committee initiates and considers co-operative projects, and submits such definite proposals as may result to a joint executive committee composed of directors of both railways. The Canadian National representatives are S. J. Hungerford, President, H. J. Symington, K.C., and James Y. Murdock, K.C., while the Canadian Pacific is represented by Sir Edward Beatty, President, and two other directors, who at different times have been W. N. Black, and W. N. Tilley, K.C., or Ross H. McMaster. Only this joint executive committee deals with co-operative proposals that are recommended. They have to be passed upon by the board of directors

of each railway, and if they involve abandonments they also require final approval and authority of the Board of Railway Commissioners.

The Senate could call these experts before one of its committees and ask them to explain what they have done, what they are doing and what they expect to do. On maps that were filed by the two companies with the Duff Commission they could show us projected abandonments. These maps are no longer secret, since they have to be presented—piecemeal, it is true—before the Railway Board when an application is made to have an abandonment approved.

If the Senate appointed a committee and it found any impediment in the way of more effective co-operation between the railways, Parliament and the public should be informed. Perhaps there is a psychological situation which should be sifted or removed.

If it were made clear that the idea of amalgamation under any form must be discarded, and that unified management would mean amalgamation, perhaps then the present campaign for amalgamation would come to an end and the Canadian Pacific authorities would devote themselves whole-heartedly to thorough application of the principles set out by the Duff Commission and in the Act of 1933, so as to bring them to full fruition. I feel that when the amalgamation idea is dropped much more rapid progress will be forthcoming.

There is one feature of this railway question which is of paramount importance. The leaders of both parties, when seeking a mandate from the people, declared their railway policy. In 1930 Mr. Bennett reached power with the flamboyant slogan, "Competition ever, amalgamation never," and this principle was embodied in the Act of 1933. He did not recede from that position in the campaign of 1935. In that campaign Mr. King, likewise, told the people that the Liberal party stands for the maintenance of the integrity of the Canadian National Railways as a publicly-owned and publicly-controlled service.

My honourable friend from Montarville has cited that part of the press of Canada which in 1933 supported the views of Sir Edward Beatty. But the opinions expressed by those newspapers were not heeded by the party leaders, Conservative or Liberal. In these circumstances, if any different policy is to be formulated for handling the railway problem, is it not only just and proper that it should be submitted to the people in due time? No one, surely, would suggest that the elected representatives could break faith with their mandators.

Right Hon. ARTHUR MEIGHEN: Honourable members, there is nothing that so contributes to happiness of mind and, I suppose, consequentially, to health of body, as facility in forgetting. If a man is a good forgetter he will go through life with much less anguish than if memories of the past haunt him all his days. I do not wonder that my honourable friend opposite (Hon. Mr. Dandurand) is indeed strong and rugged. Physically and intellectually he is in the pink, because he possesses that facility in a superlative degree. We have before us a resolution urging upon the Administration of which he is a distinguished member the solution of our railway problem. I do not know that I have heard the horrors of that problem portrayed by anyone in more impressive language than was used by my honourable friend opposite in other days. My memory goes back a long way: I am not blessed with that capacity which he possesses to such a high degree. It goes back to 1921, when candidates who had his ardent support pictured this Dominion as hurrying into the depths of bankruptcy because of the folly of the then Administration in becoming, on account of assuming liabilities, the owner of properties which were its surety. They were thoroughly convinced that we should be faced with a terrific railway problem, and they ascribed all its woes, complications and troubles to public ownership. Well, sixteen years have passed. I ask my honourable friend: Does he think the railway problem of to-day presents fewer troubles and complications and a lighter challenge than it did in 1921 and 1922?

Hon. Mr. DANDURAND: I was sympathetic with my right honourable friend at the time.

Right Hon. Mr. MEIGHEN: The sympathy was expressed by opposition—which I thought was rather unfair opposition. Now that I know my honourable friend I can hardly believe he gave expression to things which I heard from his lips at that time.

Our railway problem of to-day transcends in every feature, especially its discouraging and depressing features, anything which it presented in 1921. There was nothing then even dreamed of comparable to what faces us right now. It has got worse every year since; even in the good years. In a few moments I shall recite why, as I believe, it is not difficult to assess responsibility for the present situation.

My honourable friend engages to-day in a very interesting debate with Sir Edward

Beatty by way of answer to the motion of the honourable senator from Montarville (Hon. Mr. Beaubien). When he ceases debating with Sir Edward Beatty he debates with himself, with his own conclusions of 1925, in attempting to show what babes in the woods the Senate committee members at that time were. In addition he pleads for the continuance of two railway systems because, in his judgment, there must be competition; yet in the very next breath he is showing that the day of competition is gone. That is not an answer to this motion.

I am glad my honourable friend said what he did about the Duff Commission. I do not know how anyone could have a different view. If ever there was a commission appointed by Parliament or Government which was competent for its task, it was that one; if ever there was a commission free of partisanship as between contending forces in Canada, it was the Duff Commission; and if ever a commission did its work intelligently and thoroughly, that one did. I know it did not report in favour of amalgamation. My belief is that it felt the people of Canada were not prepared for that. I do not know whether they are prepared yet. It reported in favour of something which it thought was possible and practicable, and laid down lines for getting results which it deemed so essential. In its report the commission recommended as a cardinal principle that the administration of the National Railways should be removed from governmental influence altogether; should, in fact, be answerable in future not to Government, but to Parliament. This was the considered opinion of the Duff Commission, a commission, as my honourable friend says, composed of the very best men who could have been selected for the purpose.

During the following session the report took the form of legislation under the Canadian National-Canadian Pacific Act, supported by both houses of Parliament. This legislation implemented the report to the letter, from its first line to its last. As soon as the best available chairman of the Board could be chosen he was appointed by Order in Council.

After one year and nine months of operation the Government of which my honourable friend is a member repealed that legislation in its chief feature, took away the supremacy of Parliament and restored the supremacy of Government, and did so because of, or after, a statement by its Minister of Railways that he was not going to see the National Railways run without the influence of the Government, as it might destroy his political life.

To-day the report of the Duff Commission is in ashes as to its cardinal feature. We have now a return to governmental operation directly under the Minister of Railways, and, if my information is within fifty per cent of being correct, we have a restoration of political patronage on a scale never known before.

Some disappointment was expressed as to the achievement of the one year and nine months' operation. That is not a long period and never could give a fair trial to any system. Surely a man of the intelligence of my honourable friend knows that. The cardinal principle of operation free from Government influence could not be tested within that time. There could be a return for only one complete year. But the principle was thrown aside. This much, though, was accomplished: a scale of precipitate indebtedness was reversed. For nine years, according to the report, in respect of annual obligations, apart entirely from obligations to the Government, we had been running behind at the rate of $50,000,000 a year, and for new capital expenditures we had run into debt to the extent of another $50,000,000. We did not get rid of all the $50,000,000 deficit in operation, though we got rid of some; but we did get rid of the whole $50,000,000 for new capital expenditures. The retirements in that year and nine months were greater than the increased capital investment.

I now assess responsibility for the mire we are in with respect to our National Railways. We had nine years of a railway orgy under Sir Henry Thornton; nine years of a railway debauch, during which we went into debt at a rate exceeding $100,000,000 a year. Yet we wonder at our railway problem!

Hon. Mr. CASGRAIN: And the Canadian Pacific, too.

Right Hon. Mr. MEIGHEN: The Canadian Pacific, pleading by way of excuse, perhaps by way of valid reason, that it had to follow the example set, had done so and suffered some of the consequences. No wonder it cannot pay dividends. Possibly it had to follow; I am not a railway man and do not know. But I do know who set the pace, who acquired roads that were worthless, who built hotels that have had to be closed for years, who built boats that had to be tied up at docks, who made the National Railways a virtual appendage of the Liberal party. I can name him now. I have told him so to his face. There lies the responsibility for our position. Increase capital charges against a system to that gigantic extent, and unless it is an industry on the ascent in the com-

mercial world, growing in importance and in consequence, that industry is sure to be sunk. And the railway industry is not on the ascent; it is on the road down.

Someone said we cannot possibly have amalgamation because it would eliminate competition. I do not know that we can have amalgamation, but I know we never should have needed it nor anything similar if we had taken the right course. However, we need never fear lack of competition. All railways to-day have competition, the like of which they have not known for a hundred years. Railways in every country have competition. They know now what competition is. They are not the commercial aristocrats they were twenty-five or thirty years ago. They have now to cater to the public as other business concerns in competition with one another have had to cater all through the decades. The railways have competition of motor trucks and buses, they have still the old competition of the lakes, and now they have the latest competition of air services. The railways will never lack competition. The lack of it is not what they are suffering from. They are suffering from a contraction of the business they can do, owing to the competition to which I have referred. The National Railway System is suffering as well from a multiplication of liabilities because of attachment to Government. The Government in office to-day is the Government that did the attaching just two years ago—

Some Hon. SENATORS: Hear, hear.

Right Hon. Mr. MEIGHEN: —and the man chiefly responsible is the Minister of Transport.

Now let me examine the defence made by my honourable friend opposite. Apparently the leader of the Government in this House does not feel we have any very heavy or forbidding railway problem. He is not at all afraid of it to-day.

Hon. Mr. DANDURAND: I should like the situation to improve.

Right Hon. Mr. MEIGHEN: Yes; I do not doubt he would like it to improve. I wish he would tell us what he is doing to improve it. We have no figures from him. I know where the system was two years ago: we had all the figures then. I know at that time we were running behind somewhat less than $1,000,000 a week. We had reduced the annual deficit by $2,000,000 or $3,000,000. With that reduction the present Minister of Transport proclaimed himself wholly dissatisfied. He ridiculed such reductions as had been made in connection with the merchant marine and other services as detailed by Mr. Fullerton. There was a $48,000,000 deficit to be got rid of, and he was going to amend the Act to accomplish this. Have we had a report on how much of that has been got rid of? Up to last year we had a straight four years of operation since the Act went into effect in 1933. We had the benefit of the accelerated business era. We are on the down-grade now, but up to 1937 we had had very good years. I should like to know the operating results to the end of 1937. The Minister of Transport was not satisfied with a reduction of $2,000,000 or so in the annual deficit and the clear wiping out of all new capital expenditures. He was going to get into the saddle and do things, and do them soon. Has he done anything under his amending Act? I cannot get any figures. I do not get any from the leader of the Government. I have not heard anything of the results for 1937. They may be somewhat better. They ought to be a great deal better, for 1937 is the best year we have had since 1928. But I venture to suggest that when they do come down they will be a disappointment to this House. I do not believe they will be satisfactory. I do believe they will show the great bulk, if not all, of the deficit of 1935 continued. If that is not a problem, then I know not how to measure one.

The honourable senator from Montarville (Hon. Mr. Beaubien), who introduced this motion, in one of the best speeches I have heard in either House in many a day, told us that taxes are the very essence of the difficulties that we hear about from hour to hour and from day to day. And they are. It is for that reason we have unemployment. The load of taxation keeps down the activity of business; it presses on us so heavily that business cannot expand; and if business cannot expand it cannot take on more labour. It is only by expansion of business and production that we can ever reduce the volume of our unemployment. Taxation is the burden that prevents that expansion. Only the day before yesterday I met in the hall of this building one of the leading men in a great industry in our province, an industry of first magnitude, carrying on business in many countries of the world. I know of no industry better or more unselfishly managed; I know of none where labour is happier. He told me the management were discouraged. They had given their lives to the expansion of the enterprise; they had given everything. "But," he said, "last year we paid $3 in taxation for every dollar we could pay our shareholders, and for the three years previous we paid $300,000 in taxation although our shareholders lost $100,000." I find now the man-

agement are buying some small Government annuities. Their courage for expansion and for more employment has gone, crushed out of them by the burden of taxation. And the main element in this burden of taxes is still our National Railways. It is a tremendous problem. If we are satisfied with the pace we are going to-day, well, I know business is not satisfied, and I know no man out of employment, if he is intelligent, can be satisfied, for it is one of the causes of his being where he is to-day.

I come back now to the Senate resolution of 1925, so frequently referred to by the honourable member from Montarville. I was not a party to that resolution. I was in the other House at the time and I think I commented somewhat severely on it there. I have not changed my views in the interim. I do not think we ever could operate on the basis of that resolution. I do not see how the members of the Senate committee then thought the railways could operate under it. The resolution provides that there shall be joint operation under a board, five of the members to be selected by one system, five by the other, and five by those ten. I do not think it is an unwise suggestion. I think the suggestion is worth consideration as a method of securing a unified directorate, if unified operation is decided on. But the other terms of the resolution seem to me utterly impossible.

Right Hon. Mr. GRAHAM: And so was that one, utterly impracticable.

Right Hon. Mr. MEIGHEN: I am not so certain of that, but I do not intend to discuss it, for the resolution as a whole could not possibly be adopted. My honourable friend opposite was a member of the Senate committee. The resolution provided that the Canadian Pacific should be guaranteed an agreed dividend on its stock. I do not see how that could have been wisely recommended even in 1925.

Hon. Mr. DANDURAND: The Canadian Pacific was earning ten per cent on its common stock at that time.

Right Hon. Mr. MEIGHEN: Then after the Canadian Pacific was paid all interest on its bonds, presumably on its preferred stock and also on its common stock, whatever was left should be applied on a valuation, to be fixed by the Government, of the Canadian National, based upon the earning capacity of the road. I am afraid not very much consideration was given to that resolution. My honourable friend has become much more thorough in his findings in the years that have intervened. Imagine unified operation with the cream all going to the one system! If there was anything left after the bonds and stock of the privately-owned system were taken care of, the other system would get it. I do not think my words in the Commons were at all too strong to apply to a resolution such as that.

But the main essence of the findings was that there would have to be unified operation some day. I must confess I am not sure there will have to be unified operation. I have lost a lot of confidence in Government operation from practical experience of it.

Hon. Mr. CASGRAIN: Hear, hear.

Right Hon. Mr. MEIGHEN: I do not know why it should be so. There is nobody in the Dominion who should be more disappointed than I am.

Hon. Mr. CASGRAIN: That is right.

Right Hon. Mr. MEIGHEN: In England it is possible to have virtually unified operation. There they have a healthy public opinion. They have four railway systems, it is true, but the legislation under which those four systems operate brings about virtual unification as we seek to get it here. I should like to get by unification something just like what they have achieved in England.

Hon. Mr. CASGRAIN: That is right.

Right Hon. Mr. MEIGHEN: But it all rests upon a certain measure of capacity of governments to keep away from undue interference.

Hon. Mr. CASGRAIN: Hear, hear.

Right Hon. Mr. MEIGHEN: They have such freedom from interference in England. We cannot get it in Canada. We struggled to get it. For that purpose we put a certain plan into operation, but it was no sooner in than it was changed by our successors. Such has been our experience from the very birth of the problem to this hour. I have for my part given up hope that you can do anything so long as you are going to have these alternate Governments, each smashing everything done by its predecessor—so long as you are going to have a return of government interference after each election—so long as you are going to have sectional appeals to the employees of the railways against a political party because it would dare even to consider anything in the nature of unified management. In England there was never such care taken of other employees as was taken of railway employees when its railway legislation was enacted. Never in any branch of industry has it been possible to show more

concern for the workers. The Government took care that, no matter what happened, no employee should suffer. Whether his position was changed or he was reduced in salary, he got compensation. In every phase of the settlement the first man looked after was the employee. Nevertheless the four great railway systems have made gains and savings amounting to millions of pounds. As a result of the legislation the hundreds of railways were saved from bankruptcy, with losses which would have run into millions of pounds. Those railways have been put on a paying basis with a good return to their shareholders. That has not been done at the expense of labour, for the employees have been protected at every stage. We could do something similar in Canada if we had the same healthiness of public opinion and the same character of political appeal that they have in the old land; but we have not. If we continue the way we are doing now we shall come to something worse than unification—to something such as other countries and some of our provinces have come to. We cannot continue on this path.

I appeal to my honourable friend to join me in this. I hope the Senate will abandon the findings of 1925 and address itself again to the task of finding something practical and applicable, and which at least will help. I am not going to try to drive the Government into something which it is afraid will defeat it. In my heart of hearts I do not believe there is any reason in the world why it has resisted unification but fear of defeat. That would affect any Government. There is none so virtuous as to be prepared to accept defeat as the price of service. But surely we can do something to improve what exists to-day. If the returns for 1937 are up to the expectations which were advanced two years ago, very well; but I am certain they will disappoint us. If we get the same sad story, surely we can do something to help pave the way so that next session we can place on the Statute Book a law which will be an improvement on the present position.

You ask me if I am in favour of unification. I should like to think public opinion was such that it could be done, and after it was done there would not be those selfish, vile appeals to class prejudice which always seem to follow in Canada. If we had reasonable appeals and reasonable statements of fact at election time, there is not an employee of the National Railways or any other railway who would have any fear of unification. But I know we shall not have reasonable appeals, and I can see grave danger in the direction of unification when that unification is to be accompanied by a tremendous organization as an engine to defeat and destroy a political party. It should not be so, but it will be in Canada.

I ask my honourable friend to bring down at the earliest date the returns of actual results for the past year and, if he can, the results of this year—which will be a great deal worse. My honourable friend says we are moving out of the depression. The last time those words could have been used was six months ago. Since then we have been moving back down the disastrous trail. The unemployment figures given are six months old, or older than that. If we had figures up to date we should see no bright star, and we shall not see any, either in this country or in a country near us, until some assurance is given that a person can expand his business without being regarded as a public enemy.

But my point is this. We must not think things are all right because employment returns were getting better seven or eight months ago. The problem is a big one, it is right on our backs, and it will not be overcome as soon as a committee of this House is appointed, even though that committee may do its utmost to improve the situation.

Hon. F. B. BLACK: Honourable senators, after the brilliant speeches made by the two leaders of this House, I do not intend to venture any very extended remarks on the railway question. It is admitted by everybody that this is an extremely serious question, one which affects the whole economic life of Canada, and that unless some relief can be obtained from taxation we are headed, as has been said by the right honourable leader on this side (Right Hon. Mr. Meighen), in the same direction as some of our provinces have gone. We are coming to the point where the whole financial structure of Canada will be in the mud. In other words, if we continue our process of creating debt we shall have to go into bankruptcy.

The remarks of the honourable leader of the House (Hon. Mr. Dandurand) led me to believe that he would like to see this whole question considered more fully by the Senate, possibly in committee. In 1925, thirteen years ago, we had a special committee on the subject of railways. The committee sat behind closed doors, and the evidence taken was not published. The information obtained was extremely valuable, and its use in successive years would have done much to prevent the enormous railway debt which has been accumulated. I gathered from the remarks of the honourable leader opposite that he would welcome something in the nature of an investigation which might

lead us to recommend, not amalgamation, not unification, but some method of joint management whereby this enormous annual deficit could be gradually reduced.

Honourable members of this Chamber do not believe that by one immediate act we can cut off $60,000,000 or $75,000,000 of expenditure, but we do believe that over a period of years it can be done. That such a thing was possible was very clearly set forth before the committee in 1925 by the heads of both the railways, and by other experts on traffic problems, who mentioned definite amounts which could be saved. I do not believe that any committee of this House which conducts its investigations along party lines will get anywhere, but it seems to me that this railway problem is one question which is large enough to bring both parties in this country together. From what I have observed of the actions of honourable members of this House since coming here, I am perfectly satisfied that they can so divest themselves of party spirit, of party antagonism or party loyalty—call it what you will—as to consider without bias the welfare of this country and the necessity of some action towards economy. I believe that they may be able to recommend to the Government some solution of this railway problem which would bring about the salvation of the country.

The right honourable the leader on this side of the House (Right Hon. Mr. Meighen) stressed very strongly, and properly so, the situation which confronted Great Britain and the solution that was reached. He particularly called attention to a most important fact, namely, that not one railway employee in that country, from the highest to the lowest, suffered by the conversion of about one hundred lines into four lines. It is true that that sort of thing cannot be done in a year, or in two or three years. Through process of time there is a gradual elimination of employees. Death, advancing years, retirement, and the movement from one sphere of activity to another all take their toll. The result is that in most businesses, especially those employing large numbers of men, there is an almost complete change in personnel every ten years. I shall give you an example of that, because I do not want you to think I am exaggerating. I am interested in a business that has about 600 or 680 employees. In this business we find that there is an average change in personnel of about 10 per cent a year.

Now let us suppose, in connection with the railways, that about ten per cent of the employees drop out each year, that another ten or fifteen per cent reach a pensionable age, and that another percentage desire to change their employment. In that process the surplus will be very quickly eliminated. I do not think it would take more than three, or at the most four years, to provide for all employees who might at first be superfluous if the railways were organized in such a way as to eliminate duplication of employment. It would be necessary to take care of the employees eliminated during those three or four years. The means of doing that has been well demonstrated in Great Britain.

I am going to suggest for the consideration of this House the advisability of appointing a special committee to consider this railway problem—a committee which will have power to bring before it experts on traffic problems, and which, if it is unable to report this year, will be continued to the beginning of next session. This committee should be composed of the best minds of this House. It should consist of members who will give the subject before them impartial and thorough consideration, who will entirely disregard all party benefit or party injury, and whose only concern will be the reduction of taxation and debt, the improvement of our economic situation, and the welfare of Canada. With that end in view, I submit to this House the following amendment:

> That all the words after "That" in the first line of the resolution proposed by the honourable senator from Montarville be stricken out, and that there be substituted therefor the words: "a committee of the Senate be appointed to inquire into and report upon the best means to relieve the country from the extremely serious railway expenditure, with power to send for persons, papers and records."

In moving this resolution I do not like to take upon myself the responsibility of even suggesting who should be the members of the committee. If such a committee is to be formed—and I hope it will be, because I believe some real good may come out of it—I think the leaders on both sides of the House might suggest the names of those who are to be its members. I have pleasure, therefore, honourable senators, in moving this amendment to the resolution now under discussion.

The Hon. the SPEAKER: Is it your pleasure, honourable members, to adopt the amendment?

Hon. Mr. MURDOCK: I would ask whether an amendment can be made to a motion of this kind?

Right Hon. Mr. MEIGHEN: Why not?

Hon. Mr. CASGRAIN: Any member can move any resolution he likes. If we do not like it we can throw it out.

Hon. Mr. BEAUBIEN: An amendment can be made to a motion.

Hon. Mr. MURDOCK: I am not taking exception to the amendment. I am just asking the question.

Right Hon. Mr. MEIGHEN: I do not know of any reason why this motion is not amendable, like any other.

Hon. Mr. CASGRAIN: It is a resolution.

Right Hon. Mr. GRAHAM: May I ask a question? Is it not a mistake to confine the inquiry to expenditure? As a matter of fact, the size of the expenditure might not be a serious matter. If the business of the railways increased, the expenditure also would of necessity have to be increased from a business standpoint. I think the wording of the resolution should be carefully looked into.

Hon. Mr. DANDURAND: I would suggest that the honourable gentleman (Hon. Mr. Black) postpone his amendment till the next sitting, so that we may see what form is best to cover what he intends to cover.

Hon. Mr. BLACK: I have no objection whatever to that suggestion. The amendment was drawn in such a way as to make it as brief and as broad as possible. The word "expenditure" certainly covers the expenditure of the railway. However, with the leave of my seconder, I am quite ready to have this regarded as a notice that I propose to move an amendment at the next sitting. Then we shall have time to consider more carefully the wording of the amendment.

Right Hon. Mr. MEIGHEN: The amendment is in exactly the same words as the motion of Honourable Senator David in 1925, with the single exception that the adjective before the word "expenditure" is "extremely serious" instead of "ruinous." This is a great tribute to the moderation of my honourable friend (Hon. Mr. Black).

Hon. Mr. DANDURAND: I should like to examine into the form of the amendment, because I think the committee, in order to carry out the wish expressed by Parliament in the Act of 1933, might well inquire into what is going on. I am not quite sure the amendment as proposed would cover that. If my honourable friend will simply treat this as a notice of motion we shall have time to consider the extent of the mandate to be given to the committee.

Hon. Mr. BLACK: I shall be very glad to do what has been suggested, because unless we have harmony in our endeavour to secure an inquiry we shall not get anywhere with the inquiry itself.

The Hon. the SPEAKER: Has the honourable member (Hon. Mr. Black) leave to withdraw his amendment?

The proposed amendment was withdrawn.

Hon. Mr. BLACK: I move the adjournment of the debate until Tuesday next.

The motion was agreed to.

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

THE SENATE

Thursday, March 10, 1938.

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

Prayers and routine proceedings.

TRANS-CANADA AIR LINES BILL

THIRD READING

Right Hon. Mr. GRAHAM moved the third reading of Bill 29, an Act to amend the Trans-Canada Air Line Act, 1937, as amended.

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

PRIVATE BILLS

FIRST READINGS

Bill C, an Act respecting Canadian Pacific Railway Company.—Hon. Mr. McMeans.

Bill D, an Act respecting Révillon Frères Trading Company, Limited.—Hon. Mr. McMeans.

Bill E, an Act respecting The Restigouche Log Driving and Boom Company.—Hon. Mr. Robinson.

STANDING COMMITTEE ON EXTERNAL RELATIONS

MOTION

Hon. Mr. DANDURAND moved:

That Rule 78 be amended by adding thereto the following:

19. The Committee on External Relations, composed of not less than fifteen and not more than twenty-five senators.

He said: Honourable senators, this results from the action of the Senate.

The motion was agreed to.

GOVERNMENT STATIONERY

COMPLAINT AS TO QUALITY

On the Orders of the Day:

Hon. J. J. HUGHES: Honourable senators, before the Orders of the Day are proceeded with, I wish to call the attention of the committee that deals with public printing and stationery, or of the chairman of that committee, to the fact that the mucilage on the flaps of the envelopes supplied to us is of so very poor a quality that there is great difficulty in getting the envelopes to stick. This is particularly true of the larger sizes.

Hon. Mr. DUFF: Use fish glue.

Hon. Mr. HUGHES: This is a complaint I have often heard in another place and here, but there does not seem to be much improvement. The stationery appears to be inferior to that which is purchasable in the retail stores, and I suppose a good price is paid for it.

Hon. G. V. WHITE: Honourable senators, I will endeavour to see that there is a better sticker put on the envelopes.

Hon. Mr. CALDER: I have experienced the same difficulty as the honourable gentleman (Hon. Mr. Hughes). When I mentioned it I was told that if I would exercise a little patience after the sticker was moistened I would find no trouble at all.

Hon. Mr. HUGHES: I have exercised a good deal of patience.

OPIUM AND NARCOTIC DRUG BILL

SECOND READING

Hon. J. H. KING moved the second reading of Bill 24, an Act to amend the Opium and Narcotic Drug Act, 1929.

He said: Honourable senators, may I be permitted to make a few remarks in regard to the proposed amendments to the Opium and Narcotic Drug Act? There have been no amendments to this Act since 1932, but in the interval a convention has been concluded at Geneva by representatives of some thirty-odd world powers who met there to consider means of bringing about uniformity in legislation for further controlling international traffic in narcotics and dangerous drugs.

Right Hon. Mr. MEIGHEN: In what year was that done?

Hon. Mr. KING: In 1936. Canada was represented by Colonel Sharman, of the Department of Pensions and National Health, the chief officer dealing with the administration of this Act. The convention suggested severe penalties, including imprisonment, for certain specific offences in relation to illicit traffic in narcotics. Some of these, such as conspiracy, are already covered by our Criminal Code, and others have for years been covered by the present Act. It is the Department's desire that other recommendations contained in the convention be now incorporated in the Act. After careful study by the Department, in conjunction with the Department of Justice, it has been deemed advisable to amend our narcotic law so that we may have legislation similar to that which will obtain in other countries subscribing to the convention. Our Act has been found effective in the domestic field, but illicit traffic in narcotics is essentially international, and, if it is to be successfully coped with, international co-operation is required.

Canada has at times been a favourite country for persons illegally selling dangerous drugs. It is believed that if we tighten up our laws and make them conform with those of other subscribing countries we shall probably be able to rid ourselves of certain undesirable activities that have gone on hitherto. When I was Minister of the Department of Health, some years ago, we were able to uncover an international drug ring in the city of Montreal, which was operated from there in a fairly successful attempt to supply the neighbouring republic. We broke up the ring, and persons connected with it were imprisoned.

The convention provides facilities for extraditing persons connected with illicit drug traffic. We should benefit greatly by co-operating with other countries in this respect.

Canada has always maintained at the League of Nations that she was not interested in the production or manufacture of narcotic drugs. Our present law applies to imports and distribution, and it has been fairly effective. But within the last year or two it has been found that we are producers to some extent, for the opium poppy plant has been successfully grown in British Columbia, and from it has been made a potion of very strong narcotic properties. The Department was able to make a seizure in some cases and secure convictions. This Bill empowers the Minister to control by licence not only the production of opium, but also of another drug, known as Cannabis Sativa, which, though a new product here, has been known for centuries in the Orient. Within the last few years the authorities in the United States have realized that this drug is being used extensively by the younger people. Cigarettes are manufactured from the leaf of Cannabis Sativa, commonly known as a hemp product, and sold to pupils in high schools and to

the young people at dance parties, and so on. It is a rather interesting story, and I would refer honourable members to an article in the American Magazine of July, 1937. There they will find a full account of the increasing use of the drug in the United States and this country. The writer states the police records indicate that the smoking of cigarettes made from Cannabis Sativa leaf has been the cause of many sex crimes, murders, robberies, and other crimes. We had not been much affected until about a year or so ago, when inquiries by the Department disclosed that increasing quantities of the leaf were being brought in. The plant is a common weed in certain parts of Canada, and during the War an effort was made to grow it for its fibre.

The Bill empowers the Minister to license the growing of hemp, which is the common term for the plant. Is is suggested by our departmental officials that this will enable us to exercise control, as refusal to grant a licence will be equivalent to prohibition. It may be asked: Why not prohibit its growth altogether? In reply, I may say that in certain parts of Canada hemp is grown for its fibre, though only in a small way. The fibre is used in the manufacture of twine and other fine cords; it does not enter into rope-making. I think there would be no special advantage in allowing opium poppies to be grown, and if the cultivating of hemp is to be permitted it must be done under very strict supervision, as proposed by the Bill.

Right Hon. Mr. MEIGHEN: I draw the honourable gentleman's attention to the fact that the Bill provides for licensing opium poppy.

Hon. Mr. KING: It does so provide.

Right Hon. Mr. MEIGHEN: Why?

Hon. Mr. KING: The point was discussed in the other House, and the Minister stated that the licence requirement would give the Department a measure of control not possible under straight prohibition. It is the purpose of the Bill that those who wish to engage in the cultivation or production of opium poppy, or Cannabis Sativa, must first secure a licence to do so. The Minister is given discretionary power to withhold the granting of such licence; which, of course, would mean prohibition.

In the United States the Federal Government has recently secured legislation to license the growing of hemp, or Cannabis Sativa, and so control its production. In that country hemp is cultivated on a fairly large scale. Within the last year the federal authorities have seized and confiscated unlicensed crops.

Occasion may arise to justify the granting of licences for the cultivation of hemp. Only last year the Department of Agriculture cultivated hemp at the Experimental Farm to test its fibre.

I will give a brief résumé of the suggested amendments.

The first amendment is administrative and deals with production.

The second covers three specific offences mentioned in the convention, namely, the delivery, offering, and offering for sale of narcotics. The convention contains nineteen recommendations; sixteen are already covered in our legislation.

The third amendment prohibits unlicensed cultivation.

The fourth amendment brings Part I and Part II of the narcotic schedule within the section.

The fifth, the amendment to section 17, deals with opium pipes and opium-smoking paraphernalia, and provides that the occupier of any premises where the paraphernalia is found must satisfy the court that they were there without his knowledge, or that he was fully entitled to possess them. Occasionally museums or persons who have travelled in the Far East possess such paraphernalia, and they apply to the Minister for permission to retain possession.

The sixth amendment, dealing with section 24, is purely administrative. The schedule is divided into two parts. As the Act now stands, the Governor in Council may add to the drugs thereby affected, but legislation is requisite to move a drug from Part I to Part II, or vice versa, or to remove a drug from the schedule. We are under obligation to keep our schedule in line with the recommendation of the Health Committee of the League of Nations. It is considered that should it be necessary to move a drug from Part II to Part I in keeping our legislation up to date, authority for such action might well be conferred on the Governor in Council.

The seventh amendment relates to section 27 and is designed to have sections 6, 10 and 16 of the present Act applied to drugs in Part II of the schedule.

The three remaining amendments refer to the schedule itself.

Before resuming my seat, I should like to commend the officials of the Department who are carrying on this work. Perusal of the annual reports will show that we have a very thorough administration of our Act. In this connection a few figures are significant. In 1919 we imported 12,333 ounces of cocaine: in 1928 that importation had been reduced to 2,967 ounces, and in 1936 to 1,103 ounces. Of

course, I am speaking only of legitimate importations. As to morphine, in 1919 our imports were 30,087 ounces: in 1928 we imported 6,926 ounces, and in 1936 only 5,081 ounces. With respect to crude opium, in 1919 we imported 34,262 pounds: in 1928 the quantity was reduced to 970 pounds, and in 1936 to 485 pounds. From these figures honourable members will realize how active the Department has been in controlling legitimate traffic in these dangerous drugs.

During 1936 and 1937 the Department made several large seizures of morphine in Vancouver. This drug, originating in the Far East, is smuggled into Pacific Coast cities of the United States and Canada. The seizures seemed to have very seriously inconvenienced those who were using illicit supplies, and it was found immediately afterwards that the importation of prepared opium came into effect in very large measure. A seizure was made in New Westminster of 550 tins of opium. A tin contains approximately seven and a half ounces.

I think it only fair to state that the Canadian Pacific Steamship Company has been very helpful to the officers of the Department in frustrating this illicit traffic. It is carried on by seamen or other persons employed by those engaged in the trade. The Canadian Pacific Steamship Company has, at its own expense, taken every possible precaution to prevent this illicit traffic on its ships. The company's very effective co-operation was recognized at a recent meeting of the Opium Advisory Committee at Geneva, and the delegate of another country stated:

> The Canadian Pacific Steamship Company unquestionably maintains the best system of preventive measures known. The company spends a great deal of money yearly to prevent smuggling of narcotics by its ships. All its vessels are free from contact by unauthorized craft in the Far East. It is the opinion of expert observers that the Canadian Pacific system could well be taken as the measuring-rod to be maintained by every steamship company.

As I have already stated, if illicit drug traffic is to be successfully combated, similar preventive legislation must be enacted by the various countries participating in the international convention. I am pleased to say that the officers of the Narcotics Division of the Department have received full co-operation from the United States authorities, and I think the officers who control this traffic in both countries are to be commended for the very fine work they are doing.

Right Hon. ARTHUR MEIGHEN: Honourable members, I observe there has been a diminution in the legitimate importations of morphine and opium, but as I listened to the figures I wondered if the diminution had not been mainly due to the fact that substitutes for those two drugs, such as codeine, are proving more popular. I notice they appear frequently in police court reports in the press while morphine and opium are never heard of If the Minister or officers of the Department can give it to us, I should like to have some information as to illegitimate importation, and as to the extent of the drug habit in this country. From a reading of the press one would conclude—perhaps wrongly—that in earlier years, if the drug habit was contracted, it was almost always by members of the medical profession, druggists or other persons who had been in contact with drugs by reason of their having been prescribed in cases of illness, but in later years the main area of the habit has been among young people whose morale has not been taken care of and who have come into contact with drug-runners. Furthermore, it would seem that a large proportion of those who appear in our courts charged with crimes have acquired the habit, and that many of them owe their criminal propensities to it. I wonder whether the Department has any dependable information, first, as to the degree to which the habit is extending, or contracting—I should be delighted to hear that it is contracting, but I am afraid it is not; and, second, as to how far, according to the judgment of our police and law officials, the major crimes of our country are due to the impulsion of the drug habit.

I am glad the honourable member (Hon. Mr. King) commended the officers of the Department. I have never been in that Department, but I have had reason to have contact with it, and this would lead me to believe the officers are efficient. Besides, I have a great deal of confidence in the Minister himself.

No effort could be too great, even if it involved expense, which would sweep this evil from the country. I have read the debate in the other House. I would go further than the Minister has gone in relation to the growth in this country of a plant, such as the opium poppy, which has no other worth-while commercial use than as the ingredient of a drug. I would provide not only that it should not be cultivated, but that anyone knowing of it should uproot it and destroy it, or, at least, that he should bring it to the attention of the authorities. To legislate that such a plant may be grown by licence is to give it a kind of semi-respectability. As to hemp production it may be necessary, because of farmers having worked up a certain measure of business, to permit licensing for a time

until it is reduced and eliminated; but in the case of the opium poppy this is not necessary. I am sorry if it is necessary in the first case, for there is great danger in it, particularly after the publicity that has been given in the press. I am not complaining of the publicity, which unavoidably originates in Parliament, but I am afraid that the possible use of this plant, which grows so rank in Western Canada, will become known and that the curiosity of the young will impel them to experiment with it. I should like to see the ban as prohibitive as possible, and the penalties as stiff as they can be made, until this curse is eliminated for good and all.

Hon. Mr. KING: What my right honourable friend has said about codeine is unfortunately true. The difficulty of securing morphine has brought about a swing to the codeine preparations, and statistics prepared by the League of Nations showed that Canada was the largest codeine consumer per capita in the world. The Department has taken steps to rectify this situation by bringing it under the Act so that it may be dealt with in the administration in the same way as some other drugs. Representations have also been made to the pharmaceutical associations throughout Canada, and to the provincial governments. Some provincial governments, I believe, have passed enactments permitting the sale of codeine in retail drug stores only on medical prescription, while we have a federal requirement that not more than one ounce of codeine monthly shall be supplied to retail drug stores, and that sales must be reported. Since this action was taken the consumption of codeine has been reduced, and I have no doubt there will be a further marked reduction. However, as my right honourable friend (Right Hon. Mr. Meighen) has said, there has been a swing from morphine to codeine.

Codeine and morphine are both very useful drugs. Codeine is now prescribed by physicians rather than morphine. I think the medical profession to-day realizes, as it did not do some 25, 30 or 40 years ago, when I was a student, the danger of prescribing morphine. It is hoped that this legislation will make possible a greater measure of control of the internal trade in codeine.

I have read the Minister's remarks in regard to licensing. I think his position is that the opium poppy is the source of very important derivatives produced or developed in certain countries, and which are very necessary to the human race. In those countries they are produced under a licensing system. I do not think we in Canada shall ever produce them commercially.

As to hemp, or Cannabis Sativa, I think the Minister felt that the granting of a licence would bring out into the open those people who might desire to grow the plant, and that a neighbour or some other individual in the community would ask, "Have you a licence?" and could bring the matter to the attention of the Government. I am afraid that if you merely put on a prohibition people will be stimulated to break it, and the result may be just what has been accomplished by prohibition in other fields. At all events, that seemed to be the thought of the Minister, and I would suggest that we accept the Bill as it is in that regard.

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

REFERRED TO COMMITTEE

Hon. Mr. KING: I would move that the Bill be referred to Committee of the Whole.

Hon. Mr. MURDOCK: Would it not be advisable to have the Bill go to one of the other committees, where experts from the Department would be available to answer some of the questions asked by the right honourable the leader opposite (Right Hon. Mr. Meighen) a few minutes ago? Personally I should like to know something more about these things.

Hon. Mr. KING: I have no objection. We have a Committee on Public Health. It is not a large committee, but any senator who desires could attend, and we should have the departmental officials to instruct us. I move that the Bill be referred to the Committee on Public Health and Inspection of Foods.

The motion was agreed to.

WINNIPEG AND ST. BONIFACE HARBOUR COMMISSIONERS BILL

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 32, an Act to amend The Winnipeg and St. Boniface Harbour Commissioners Act.

He said: Honourable senators, the purpose of this Bill is to extend the jurisdiction of the harbour commissioners of Winnipeg and St. Boniface so that municipalities which are contiguous to those cities, and which desire to do so, may come under the Act.

Right Hon. ARTHUR MEIGHEN: Honourable members, I am very sorry to note the absence of both the senior member (Hon. Mr. McMeans) and the junior member (Hon. Mr. Haig) from Winnipeg. I do not desire to

cast any reflection on the maritime importance of Manitoba, but I must admit that this is the first time I have heard there was a harbour there. Is there anyone present in the House who can explain what this harbour commission does? I have read the Bill and the discussion upon it in another place, and I do not know. Everybody knows that there are no boats calling at Winnipeg.

Hon. Mr. DANDURAND: I understand that there is considerable dredging going on and that the board is becoming more and more important. I believe that in the circumstances the neighbouring municipalities would like to obtain the advantages that will accrue to them if they form part of the port. If we passed second reading now we could take the Bill up in committee on Tuesday next, when the honourable members from Winnipeg would likely be present.

Right Hon. Mr. MEIGHEN: Everyone would probably think me a traitor to the province of Manitoba if I questioned this Bill, but I have not seen a boat on those rivers out there since 1898. Is the Government dredging in the hope of establishing a maritime trade in Winnipeg?

Hon. Mr. DANDURAND: I do not know. I had an impression that it was my right honourable friend's Government which had started dredging there. However, I shall know more about it by Tuesday.

Right Hon. Mr. MEIGHEN: The Government my honourable friend refers to must have been in office a long time back, before the days of modern dredging. No dredging was done there while I was in office.

Hon. Mr. CALDER: Honourable members, I think this Bill had better be given second reading and sent to committee as soon as possible. Like my right honourable friend (Right Hon. Mr. Meighen), I never heard of boats of any consequence plying around the city of Winnipeg or St. Boniface, though I have known the Red river and the river that runs into it nearby for something like forty-five years. How anyone could conceive of establishing a harbour there I cannot understand. If the measure is sent to committee we may be able to have it explained.

Hon. Mr. KING: Honourable senators, I remember very well that some years ago Hon. Robert Rogers came to my office and told me it was necessary to have piers or docks built near Winnipeg in order to facilitate transportation of sand and gravel required in that city.

Right Hon. Mr. MEIGHEN: That may be the explanation. I did not think of that.

Hon. Mr. CALDER: But surely a board of harbour commissioners would not be required, if there were no more shipping than that.

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

REFERRED TO COMMITTEE

Hon. Mr. DANDURAND: I move that the Bill be referred to Committee of the Whole on Tuesday next.

Hon. Mr. MURDOCK: The Committee of the Whole or the Railways Committee?

Hon. Mr. BEAUBIEN: The Committee on Railways, Telegraphs and Harbours?

Hon. Mr. DANDURAND: We are clothing this piece of legislation with considerable importance. It occurred to me that, as everyone seemed to feel there was not much navigation at the ports of Winnipeg and St. Boniface, we could have the necessary discussion of the measure in Committee of the Whole. But I am in the hands of the House in this matter.

Right Hon. Mr. MEIGHEN: It seems to me that the Bill could be dealt with appropriately in Committee of the Whole. I think I understand the situation now, since the honourable gentleman from Kootenay East (Hon. Mr. King) has spoken. The reason for docks must be the one he has given. But, knowing nothing at all about politics, as such, I cannot quite conceive why an extensive harbour commission is necessary in order to facilitate drawing of sand.

The motion was agreed to.

OTTAWA AGREEMENT BILL

SECOND READING

Hon. Mr. DANDURAND moved the second reading of Bill 34, an Act to authorize an Agreement between His Majesty the King and the Corporation of the City of Ottawa.

He said: Honourable members will recall that every session there is introduced a Bill to authorize extension for one year of an agreement between the Government and the city of Ottawa. Under this agreement the sum of $100,000 is paid to the city in lieu of taxes on our buildings. The object of the Bill is to extend the agreement for another year.

Hon. Mr. McMEANS: May I ask the honourable gentleman if this Bill provides for any increase over the amount that was paid last year?

Hon. Mr. DANDURAND: No; the amount is the same as was paid last year.

Hon. Mr. McMEANS: I do not know how the city manages to get along on it.

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

THIRD READING

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

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

RAILWAY ACT AMENDMENT BILL (TELEPHONE TOLLS)

SECOND READING

Hon. Mr. MURDOCK moved the second reading of Bill 14, an Act to amend the Railway Act (Telephone Tolls).

He said: Honourable senators, the honourable gentleman from Victoria (Hon. Mr. Tobin) asked me to move second reading of this Bill to-day, in his absence. I understand the purpose of the measure is to clarify the jurisdiction of the Board of Railway Commissioners in connection with base-rate areas or exchange areas and telephone tolls and services applicable thereto. The amendment is said to be necessitated by the decision of the Board in the case of Quebec-Montmorency Chamber of Commerce v. Bell Telephone Co. (Canadian Railway Cases, Vol. XLVI, Part 2, page 203). I take it that the Board has jurisdiction to investigate telephone rates in certain instances, but it asserted it did not have authority to deal with matters that arose in the Quebec-Montmorency case. The object here is to give the Board power in all such cases. It seems to me that there are questions involved which should be discussed in the Railway Committee before the Bill is finally adopted.

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

DIVORCE BILLS

FIRST READINGS

Hon. Mr. McMEANS, Chairman of the Committee on Divorce, presented the following Bills, which were severally read the first time:

Bill F, an Act for the relief of Alice Cecile Pinder Hartt.

Bill G, an Act for the relief of Ruby May Foster Ryder.

Bill H, an Act for the relief of Ethel Sadie Davidson Case.

Bill I, an Act for the relief of Ray Simon Stern.

Bill J, an Act for the relief of Norma Adelaide MacKenzie Hird.

Bill K, an Act for the relief of Mabel Marjorie Thompson Maynes.

Bill L, an Act for the relief of Walter Edward Gorham.

Bill M, an Act for the relief of Margaret Anne Eddie Bender.

Bill N, an Act for the relief of Kathryn Chronis Briggs.

Bill O, an Act for the relief of Vera May Levis Holloway.

Bill P, an Act for the relief of Robert Andrew Young.

The Senate adjourned until Tuesday, March 15, at 8 p.m.

THE SENATE

Tuesday, March 15, 1938.

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

Prayers and routine proceedings.

WINNIPEG AND ST. BONIFACE HARBOUR COMMISSIONERS BILL

CONSIDERED IN COMMITTEE—PROGRESS REPORTED

On motion of Hon. Mr. Dandurand, the Senate went into Committee on Bill No. 32, an Act to amend The Winnipeg and St. Boniface Harbour Commissioners Act.

Hon. Mr. Donnelly in the Chair.

Hon. RAOUL DANDURAND: As I have not yet received a memorandum on the Bill, perhaps I might cite the explanation given when it was introduced in the other House. That explanation reads:

The purpose of this Bill is to extend the jurisdiction of the Winnipeg and St. Boniface Harbour Commissioners to the waters and municipalities contiguous to the cities of Winnipeg and St. Boniface, which desire to be brought under the Act. The harbour limits now include the Red river within the boundaries of Winnipeg on the one side, and St. Boniface on the other. The municipality of East Kildonan has requested that the portion of the river fronting that municipality should be included. It is also probable that Kildonan West, Fort Garry and St. Vital will make similar applications. With the completion of the sewage system for Winnipeg it is expected that the Red river will be used more extensively by pleasure boats, and for that reason the city has asked the Government to introduce this Bill to extend the boundaries of the harbour commission.

If these municipalities decide to come in, each council will have the privilege of appointing one member to the Board.

On section 1—municipality:

Right Hon. Mr. MEIGHEN: Mr. Chairman, can the Minister tell us who are the present members of the commission, what, if any, remuneration they get, and what, if anything, they do?

Hon. Mr. DANDURAND: I have sent for the statute constituting the commission. It was enacted in 1912.

Right Hon. Mr. MEIGHEN: The commissioners cannot have had very much to do, since there has been scarcely any navigation on the river.

Hon. Mr. DANDURAND: They expect to have pleasure boats plying on the river when a sewage system, now in course of construction, is completed.

Right Hon. Mr. MEIGHEN: I think we ought to ascertain whether any public money is being expended. I am not saying this in criticism particularly. I see the Bill was passed in 1912.

Hon. Mr. DANDURAND: It was your child.

Right Hon. Mr. MEIGHEN: No. It was before my natal day, politically. I did not arrive on the governmental scene until 1913.

Hon. Mr. DANDURAND: Pre-natal.

Right Hon. Mr. MEIGHEN: I do not know what the commissioners of the harbour of Winnipeg can find to do.

Hon. Mr. DANDURAND: I wonder, too.

Hon. Mr. McMEANS: May I be permitted to explain? A lock was built at considerable cost to the country to enable fish, stone, lumber and sand to be brought from Lake Winnipeg up the Red river to the city of Winnipeg. It must be borne in mind that within thirty miles of Winnipeg we have one of the largest lakes on the continent. I think the Government spent a good deal of money on the canal. It was made a political issue by the then local member, who threatened to resign his seat if the work was not undertaken.

Right Hon. Mr. MEIGHEN: Who was the member?

Hon. Mr. McMEANS: Mr. Boyle. I remember he got a good deal of publicity at the time. The canal was formally opened by Sir Wilfrid Laurier, who was brought up the river in a steamboat. We had a very good time on that occasion.

Right Hon. Mr. GRAHAM: I noticed that. I was there.

Hon. Mr. McMEANS: There are wharves built here and there along the banks of the river. Steamboats used to ply between Winnipeg and the larger resorts on the lake. Undoubtedly the canal was of considerable benefit to the whole district as a means of control during flood time. These harbour commissioners look after the protection of the river banks, the wharves, and so on. There are four or five swing bridges across the river. In the old days the boats travelling up or down the river would toot their whistles and the bridges would be swung open to let them pass. Now there is a beautiful bridge which is used by hundreds of people. To-day, with railroads on either side of the river, a good deal of the water-borne traffic has gone, and during the winter months, of course, there is none at all. Nevertheless, this is a matter of importance to the city of Winnipeg. This year there has been a tremendous amount of snow in the surrounding country, and when the floods come there has to be drainage. The Red is a mighty big river. In the old days people used to empty their refuse into the river and pollute its waters. It was to prevent this, amongst other things, I understand, that the harbour commissioners were appointed. I may not be very exact as to the details of this matter, but I am familiar with the general principle.

Hon. Mr. CASGRAIN: May I ask the honourable gentleman what the dues would amount to on these wharves he speaks of?

Hon. Mr. McMEANS: Will the honourable gentleman ask me something easy?

Hon. Mr. CASGRAIN: Canals are obsolete. Years ago I was guilty of preaching the doctrine of the Georgian Bay Canal. At that time there was only one man in this House, the late Senator Edwards, who seemed to be strongly opposed to it. He said that a ship could go around by way of the lakes in much less time than it would take for it to pass through the Georgian Bay Canal.

But in this case, even supposing there were some trade, the canal would be open only seven months of the year; then it would have to discontinue business for the five months when it would be frozen over. No railroad could live on only five months' receipts each year and pay its bond interest. We do not want to go back to the stage-coach days. I think that most canals are now absolutely obsolete.

Hon. Mr. MACDONELL: What about the Suez canal?

Hon. Mr. CASGRAIN: Just wait a minute, please. Where there is only one lock, as in the case of the Soo canal, which does two and a half times the trade that is done by the Suez canal—

Hon. Mr. MACDONELL: According to you it is obsolete.

Hon. Mr. CASGRAIN: The Suez canal is open twelve months of the year.

Hon. Mr. McMEANS: On the Red river there is a lock to enable boats to get over the rapids.

Hon. J. A. CALDER: I cannot understand why the work referred to by the honourable the senior member from Winnipeg (Hon. Mr. McMeans) has to be looked after by a board of harbour commissioners. I have not the slightest objection to the work that is being done, but it would seem to me that a small canal and the banks of a river are matters that might be attended to by the Department of Public Works. Why there should be a board of harbour commissioners to look after that area is more than I can understand.

I do not think this is a serious question. Nevertheless, it is before Parliament. I dare say this board was created at a time when we did many things that should not have been done, and if there is no real necessity for it we should be aware of that fact. If money can be saved in any way, we should endeavour to save it. What we should know, I think, is briefly this. First, is there a harbour that does business in the ordinary sense in which a harbour does business? If so, what are the nature and the extent of that business? Second, who are the harbour commissioners? For what length of time are they appointed? What salaries do they get? What are their expenses? In other words, how much does it cost to run that sort of thing? I think we should have that information before we pass this Bill. I do not know how we shall get the information except by having one of the officers of the department before us or by sending the Bill to the select committee. As I say, I am not opposed to the Bill at the present time, for I do not know anything about it. I know a good deal about Western Canada, but I never heard about these harbour commissioners before. It may be necessary to have someone to do certain work there, but we do not know what it is. My honourable friend (Hon. Mr. McMeans) speaks about the amount of traffic that goes through the canal.

Hon. Mr. McMEANS: Locks.

Hon. Mr. CALDER: Well, locks. We have locks all over the country without having harbour commissions. There are no harbour commissioners for the Trent Valley canal.

Hon. Mr. McMEANS: Are there not?

Hon. Mr. CALDER: I should not think so. I have never heard of any harbour commissioners at Ottawa, and there must be ten times as much traffic on the Ottawa river as there can possibly be in the neighbourhood of Winnipeg. So I say that before we pass this Bill we should have some definite information as to what we are doing.

Hon. Mr. DANDURAND: I draw the attention of my honourable friend to the fact that all we can do with this Bill is adopt it or reject it. It is simply an enabling Bill to extend the jurisdiction of that port. To my surprise, when I look at 2 George V, Chapter 55, assented to on the 1st of April, 1912, I find that considerable attention must have been devoted to the organizing of this commission. The Act says, in part:

> The Corporation shall consist of five commissioners, three of whom shall be appointed by by-law of the council of the city of Winnipeg and two by by-law of the council of the city of St. Boniface.
>
> Each commissioner so appointed shall hold office for three years, subject to removal, and until his successor is appointed.

There is page after page of this enactment. The Bill sets out the powers of the corporation to acquire property required for the harbour, fixes its borrowing powers, and so on.

However, as my honourable friends from the West know so little about the administration of the Act, I have no objection to trying to secure the information that is wanted. We may or may not pass this Bill. I would ask that the committee rise, report progress, and ask leave to sit again. In the meantime I shall endeavour to find out something about the cost of the commission.

Hon. Mr. McMEANS: I do not think it has cost anything.

Hon. Mr. CALDER: The work may be voluntary.

Progress was reported.

DIVORCE AND MATRIMONIAL CAUSES BILL

MOTION FOR SECOND READING—DEBATE ADJOURNED

Hon. L. McMEANS moved the second reading of Bill B, an Act respecting Divorce and Matrimonial Causes.

He said: Honourable members, it is with considerable regret that I find myself in the

position of moving the second reading of this Bill. I feel that some more competent member of this House should have the Bill in his charge. I am consoled, however, by the fact that my defects will be made up for by those who follow me.

It is usual on moving the second reading of a bill to outline its purposes. This Bill is an adaptation of the Act passed by the British House of Commons during the year 1937. That Act was introduced by Colonel Herbert, the writer of the book "Holy Deadlock," who in it brought the attention of the people of England to the condition of the divorce laws of that country at that time. The preamble to the English Act explains the Act itself. It reads as follows:

An Act to amend the law relating to marriage and divorce.

Whereas it is expedient for the true support of marriage, the protection of children, the removal of hardship, the reduction of illicit unions and unseemly litigation, the relief of conscience among the clergy, and the restoration of due respect for the law, that the Acts relating to marriage and divorce be amended.

This Bill was introduced in the Senate last Tuesday. Two days later, on Thursday, the Winnipeg Free Press, which we all know is one of the leading newspapers in Canada, published the following editorial:

There are very sufficient reasons why the rigidity of the divorce law should be relaxed in Canada as it was last year in Great Britain, the situations in the two countries being largely similar. It is a subject on which there is, of course, great difference of opinion, and it is important that, in the discussion of the Bill introduced by Senator McMeans, there should be calm consideration of the whole situation. At present, divorce can be granted only for adultery or the committing of unnatural offence. There are many Canadians who believe there are other valid grounds that should be recognized and that more harm than good results from not doing so.

The importance of the home as the basis of our national life and the consequent need of preserving the marriage bond as inviolate as possible, may be fully conceded. There is no intention of loosening that tie beyond the requirements of sound and necessary consideration. To do so would be to seriously increase many of our social problems closely related to family life. But entirely unreasonable and unwholesome conditions are resulting from the refusal to grant divorce except for practically only one cause.

If a worthless husband deserts his wife and goes off to the United States and lives there permanently, she is condemned under the present law to a life of loneliness for the rest of her days. The same thing results if either husband or wife becomes incurably insane. Because one life has been fatally blighted, should the other be sacrificed to an undue degree? If a sailor is missing and never returns, must his wife be denied a normal life? If a brutal husband is persistently cruel, must the wife endure it with no hope of release? If there is no natural affection, is there a home worth preserving?

I have no desire to attempt a lengthy historical review of the divorce law in England. Prior to the year 1857 it was almost impossible for anyone but a wealthy person to get a divorce in the United Kingdom. First of all, it was necessary to make application to the ecclesiastical courts, which had sole control, and if the applicant was successful there in getting a divorce a mensa et toro—meaning from bed and board—it was necessary then to take action in the superior courts, sue the seducer in a claim for damages, and get judgment there. The final step was the filing of a petition in the House of Lords. Such was the only procedure for obtaining divorce up to the year 1857.

In 1857 the British Parliament passed the Matrimonial Causes Act. Under that statute adultery was the only ground for divorce, but even if it was proved against her husband, a woman could not succeed in an application unless she showed the adultery had been accompanied by cruelty. The courts held that to prove cruelty in a divorce action it was necessary to establish that the woman was in danger of losing her life or limbs, or that her mental suffering was so severe as to endanger her life. That law remained unchanged for eighty years, except for one amendment, which I think was made in 1932 and was not very important. Under this amendment women were given the right to apply for divorce on the same ground as men. There had been some minor changes with regard to procedure in the courts and lowering of costs. Otherwise the law passed in 1857 remained in effect until last year.

In 1908 the English people were somewhat concerned about the divorce question and the Government appointed a royal commission composed of men of the highest standing in the land. That commission sat for three years and took evidence from leading persons in the country—scientists, clergymen, professional men, ex attorneys-general, and so on—and presented a voluminous report in 1912. I need not read from that report, for it is readily available to anyone interested, but I might say that it recommended a change in the law. It was suggested that four additional grounds should be recognized for the granting of divorce: imprisonment—which, I might say, is not a ground in the present Bill—and cruelty, habitual drunkenness and insanity. But that report, like the reports of many other commissions, was not acted upon.

As I have said, no very important change was made in the divorce law until last year,

when a bill was introduced by Colonel Herbert, member of the British House of Commons and author of the book called "Holy Deadlock."

Hon. Mr. ROBINSON: "Unholy," was it not?

Hon. Mr. McMEANS: It was either holy or unholy. In any event, the book stirred up the people of England. Colonel Herbert's bill was based on the report of 1912. I will not quote from the debate that followed. The bill did not meet with very serious opposition, either in the House of Commons or in the House of Lords. Even the Church of England bishops with seats in the House of Lords did not oppose it, though they would not vote for it. Some amendments were made before the measure became law. For instance, the committee of the Lords to which it was referred struck out the clauses specifying life imprisonment and habitual drunkenness as grounds for divorce.

The amendments to our own divorce law that are proposed in the Bill before us are not, it seems to me, very drastic. They provide three new grounds on which a husband or wife may apply for divorce: cruelty, insanity, and, the most important change of all, desertion for at least three years. There is also a clause which prohibits the bringing of an action for divorce within three years after the marriage. In the present law there is no time limit within which application may not be made. This restrictive clause would prevent applications by some persons who might otherwise make them.

It does not seem to me that anyone can say the proposed extension of the grounds is very drastic. Let me give you one instance, having to do with the ground of lunacy. Mr. Bowman, ex-Speaker of the House of Commons, said to me a few days ago, "Something must be done about this matter." He told me of a farmer who came to his office in the town of Dauphin, Manitoba, where he practises law, and asked for advice. The man's wife had been in the asylum for thirteen years, and it was said there was no possibility of her ever being released. The farmer said: "I have a farm there and some young children, and if I were free to marry it might be possible to get a woman to act as mother to them. Is there any possibility of obtaining relief for me?" Mr. Bowman had to tell him there was not, because an application for divorce could not be made in his case, as the law stands at present. There are hundreds of cases like that; I would go further and say there are thousands. My statement is based on numerous letters that have come to me. I do not see how anyone can justify refusing divorce to a man or woman whose wife or husband is incurably insane. Why should one party to a marriage, who is not personally at fault, have to spend the rest of his or her life in misery? A further point that we should consider, and one which I regard as very important, is that a law which refuses divorce in such circumstances is likely to lead to perjury, immorality and collusion. It is better that an innocent party should be able to obtain a divorce and marry someone else than be forced to lead a life of immorality, as hundreds are doing to-day.

Desertion for a period of at least three years would also be a ground for divorce under this Bill. Perhaps that is as justifiable a ground as any. Consider the case of a woman whose husband has deserted her for at least three years. She may have some children, or none at all, but in any event she receives no support from her husband, and is left destitute unless she goes to work. Should her life be ruined by the conduct of the man who had sworn to protect her? Must she be forced to live alone the rest of her life, or follow the common course of living with someone whom the law will not permit her to marry? I do not know but that desertion is, in some instances, a better ground for divorce than lunacy. I receive letters every day about unfortunate cases. To talk about protecting the sanctity of the home when the home is broken up by desertion seems to me to be idle.

At the time of Confederation the British North America Act gave the Dominion exclusive authority over marriage and divorce, but our Parliament has passed only three laws on the subject. One gave women the right to petition on the same ground as men. That was done, I suppose, for the purpose of conforming with the English Act. Then, after a great deal of discussion in this House, we enacted a statute giving Ontario courts jurisdiction to grant divorces. The third Act was based on a bill, introduced by a gentleman from the West, conferring the right of domicile upon women in certain circumstances. That bill had its origin in a case that I know something about. An exceptionally fine young woman was married in Winnipeg to a man from the Island of Guernsey. After they had lived together for a little time the husband went back to his native home. Under the law at the time she could obtain a divorce only by filing her petition in the Guernsey courts. To remove the obvious injustice and hardship Parliament enacted legislation providing that the locality in which

husband and wife have lived together for two years shall be deemed to be the husband's domicile.

Sections 12 and 13 of this Bill deal with nullity. I need scarcely direct attention to the difference between nullity and divorce. Section 12 specifies these grounds for a decree of nullity:

(a) that the marriage has not been consummated owing to the wilful refusal of the respondent to consummate it; or

(b) that either party to the marriage was at the time of the marriage either of unsound mind or a mental defective within the meaning of any statute in force in the province of the court concerned or subject to recurrent fits of insanity or epilepsy; or

(c) that the respondent was at the time of the marriage suffering from venereal disease of a communicable form; or

(d) that the respondent was at the time of the marriage pregnant by some person other than the petitioner.

Hon. Mr. BALLANTYNE: May I ask the honourable gentleman a question? Recently I noticed in my own city an annulment was granted on the ground of the woman having been a few months under twenty-one years of age at the time of her marriage.

Hon. Mr. McMEANS: That is the law in the province of Quebec. While the Federal Parliament has authority over marriage, the provincial legislatures have jurisdiction to regulate its form.

I would remind honourable members that all great reforms have usually been brought about after many years of effort. For instance, with respect to the right of appeal in criminal cases, although a royal commission in England reported in favour of legislation for this purpose, fifty years elapsed before the Parliament of Great Britain gave effect to the recommendation. I had the honour of introducing in this House a bill along similar lines. It encountered keen opposition, but eventually it was enacted, and I am glad to say that statute has worked out very satisfactorily. As honourable members are aware, it was not until the Married Women's Property Act was passed in 1873 that a married woman could own real or personal property in her own right. Before the passing of that Act, immediately on marriage all the wife's property passed into the possession of her husband. She had no separate legal estate whatsoever. Another instance of legal disability relates to the franchise. A woman could neither vote nor hold a seat in Parliament. To-day we have two lady members in this House, and there are also two lady members in the Commons. Contrast their position to-day with that of women prior to 1873 The progress of reforms is always slow, and we often wonder how people were content to live under conditions which to-day we should consider intolerable.

Before I resume my seat I wish to appeal to those honourable members who on religious grounds are opposed to divorce. I have the greatest respect in the world for their conscientious scruples, but I would ask them in considering this matter not to press their opposition, but to regard sympathetically the plight of those for whose relief this legislation is proposed.

Hon. Mr. BALLANTYNE: I am afraid I did not make my point clear to the honourable gentleman. Religion did not enter into the case at all, with respect to either of the parties whom I mentioned. The wife petitioned the court for annulment of her marriage on the ground that at the time of the ceremony she was not of age, and she produced a birth certificate in support of her statement. The court annulled the marriage on that ground, not on religious grounds at all.

Hon. Mr. McMEANS: I was making only a humble request to those honourable gentlemen who because of religious convictions are opposed to divorce. I have the greatest respect for their views, but I would ask them not to press those views to the point of depriving the thousands of people in this country who are suffering to-day because of the very restrictive nature of our present divorce law. I trust honourable members will give this Bill their favourable consideration.

I understand that the honourable senator from West Central Saskatchewan (Hon. Mr. Aseltine) intends to address the House, and I am confident that he will deal with any phases of the question which I may have overlooked.

Hon. Mr. HUGHES: Honourable senators, I thought there would probably be some debate on this Bill, and I intended to wait until I had heard what other members, not older, but more experienced, might wish to say. As, however, no one appears desirous of speaking, I will move that the debate be adjourned until the next sitting of the House.

Right Hon. Mr. MEIGHEN: Honourable senators, I believe it is intended to refer this Bill to a special committee. If so, it would be a mistake to have the debate adjourned at this early stage. It would be better to proceed and get the Bill to the special committee to be dealt with before we come to the heavy end of the session, when all our committees will be exceedingly busy.

Hon. Mr. HUGHES: If we give the Bill second reading, do we not adopt its principle?

Right Hon. Mr. MEIGHEN: Yes. Why not go ahead to-night?

Hon. Mr. HUGHES: I shall have to go to my room for some papers before I can proceed.

Right Hon. Mr. MEIGHEN: I think the honourable gentleman would do better without them.

Hon. Mr. HUGHES: I should prefer to move adjournment of the debate, because I want to oppose the principle of the Bill.

Right Hon. Mr. MEIGHEN: Would the honourable gentleman have any objection if other honourable members continued the debate?

Hon. Mr. HUGHES: No. I was waiting for someone to proceed.

Right Hon. Mr. MEIGHEN: Then we can hold our souls in patience until the honourable gentleman is ready later on.

Hon. Mr. HUGHES: Thank you.

Hon. W. M. ASELTINE: Honourable members, I should like to supplement the remarks of the honourable the senior member from Winnipeg (Hon. Mr. McMeans).

The Bill is largely a restatement of the present law of divorce with certain additions taken from the English Act. To those honourable members who are lawyers this no doubt will be quite apparent, but for those who are not lawyers some explanations may be necessary.

As the House is aware, section 91, subsection 26, of the British North America Act gave the Federal Parliament full jurisdiction over divorce. Parliament has passed only two enactments: one in 1925, giving a wife the right to obtain divorce on the same grounds as a husband; the other in 1930, enabling a wife to petition for a divorce in the jurisdiction of the court of the province where she is domiciled, if her husband has deserted her and on that account changed her domicile. This latter Act was necessary because theretofore the wife had to follow the husband and institute proceedings for divorce in the jurisdiction of his new domicile. The Acts of 1925 and 1930 are included in the present Bill.

In other words, Canada has practically no divorce law of its own. With the exception of the two statutes I have just referred to, the law of divorce in this country is the same as that in England prior to the passing of the new English Act in 1937. It seems to me advisable that, even if there were no other reason for the legislation now proposed, we should have a divorce law of our own. And that is one of the objects of this Bill.

Divorce has for centuries been allowed by law. This Bill does not raise the question as to whether or not divorce is good or bad, or whether it should or should not be permitted.

In May, 1936, in this House, I made a speech in which I traced the history of marriage and divorce from the earliest to modern times. I tried to show that marriage was a contract, not a sacrament, and that divorce had been allowed for hundreds of years. It is not my intention to deal with that phase of the question now.

The preamble to the new English Act might, it seems to me, be happily used in the drafting of this Bill. That preamble is as follows:

> Whereas it is expedient for the true support of marriage, the protection of children, the removal of hardship, the reduction of illicit unions and unseemly litigation, the relief of conscience among the clergy, and the restoration of due respect for the law, that the Acts relating to marriage and divorce be amended.

The objects of this Bill are the same as those which the framers of the English Bill had in mind. This Bill proceeds to bring about the desired objects in the following manner:

First, it prevents hasty divorces by changing the law so that no divorce can be obtained by either spouse during the first three years of the marriage, unless there be exceptional circumstances, thus affording the parties an opportunity of straightening out their difficulties. This is a new departure, and except in England, a similar restriction does not exist in any other country in the world that I know of. In my opinion divorces will be lessened in number rather than increased by this provision.

Second, by the addition of three new grounds for divorce, the poorer classes—who were formerly unable to afford the luxury of a divorce where adultery had to be proven by the hiring of detectives or other persons, sometimes at great expense—will be greatly benefited, and instead of illicit unions there will be valid divorces and remarriages.

Third, the clergy are also protected by not being obliged to marry a divorced person unless they see their way clear to do so.

Fourth.—For years the courts have been complaining that with only one ground for divorce there has been obviously much collusion and connivance between litigants, resulting in wholesale perjury, which in many

cases cannot be detected. The additional grounds for divorce will tend to remedy the evil, as will the greater power given the courts to inquire into questions of collusion, connivance and condonation.

As already stated, the Bill will give us a divorce law of our own. I intend to vote for the Bill and can assure those who may be hesitating to support it that there is nothing in it that should cause alarm to anyone. I do not think we should worry over the fact that the Bill will permit of a divorce being secured on the ground of desertion. Many honourable members may not be aware of the fact that for more than three hundred years desertion has been a ground for divorce in Scotland. We do not find that Scottish homes have been broken up because of that, and I do not anticipate that Canadian homes will suffer if we accept desertion as a ground for divorce. In almost every part of the world except Canada and the State of New York desertion is a valid ground for divorce at the present time.

The mover of the second reading of the Bill referred to four new grounds for granting a decree of nullity. I shall not cite them again, but shall content myself with saying that every safeguard is provided. The petitioner must show that he or she was not aware of the facts at the time of the marriage. Furthermore, in order to secure a decree of nullity, the petitioner must commence proceedings within one year of the marriage and must prove that marital intercourse has not taken place since his or her discovery of the existence of these grounds.

Another new feature in the Bill is the one dealing with the presumption of death. At the present time there is no satisfactory law on this question in the Dominion of Canada. In fact, it is almost impossible to obtain a declaration of death. In many jurisdictions there is no procedure by which a person can secure a declaration from the courts that the absentee is dead, and many new marriages take place without any declaration to that effect. In this Bill a method is provided for obtaining such a decree. There are many safeguards around this feature also. Even if a person has been proven to have disappeared for seven years or more, the court has it within its discretion to refuse the declaration.

I may say, honourable senators, that I have read the debates that took place on the English Bill in the British Parliament, but have been unable to discover in them any valid reason why such a Bill should not be passed. The Bill was supported by clergymen, lords and commoners, and received a large majority on each reading. In this connection I should like to read what was said by the Lord Bishop of Birmingham in the House of Lords on the second reading of the Bill. He prefaced his remarks with these words:

> I intend to vote for the second reading of this marriage Bill. There is in my opinion nothing in it which can encourage our people to regard marriage lightly. It is, I am convinced, a careful attempt to bring our marriage law into harmony with opinions now held by an overwhelming majority of enlightened Christian people in this country. One of the great merits of the Bill, as it seems to me, is that it will promote morality by lessening the number of irregular unions among working people. I hope that it will lessen the number of collusive divorces among our fellow-citizens of less narrow means. Some legislation as to divorce is urgently needed at the present time, for people generally—is it not so?—are made profoundly uneasy by present circumstances. It seems to me that the Bill is carefully balanced. No practical alternative to it has been proposed.

I believe the Bill before us furnishes something we have been wanting for a long time. The public generally, as well as the judiciary, are crying aloud that the problem of divorce requires parliamentary attention. I hope that the Bill, after second reading, will be referred to a special committee of the Senate, so that every phase of the question may be carefully considered. In view of the fact that the Commission on Divorce in England made its report in 1912 and that the legislation was not introduced until 1937, I think you will agree that in that country the matter received most careful attention.

I would go even further than the English legislation goes. I would make life imprisonment a ground for divorce. I do not think I would go so far as to include habitual drunkenness.

It has been a little difficult to follow the honourable the senior senator from Winnipeg (Hon. Mr. McMeans), by reason of the fact that he covered most of the main points involved in the Bill. In the few remarks I have made I do not pretend to have covered the whole field. I have simply referred to certain points that I thought he might have missed, or that he left for me to discuss.

There is one more point to which I may refer. The Bill contains no definition of cruelty. In my opinion such a definition is not necessary. For years, in every province of this Dominion, judicial separations have been granted on the ground of cruelty without its ever being defined. For this reason it was thought inadvisable to include a definition in the Bill.

Like the honourable the senior senator from Winnipeg (Hon. Mr. McMeans), I hope this matter will receive the careful consideration

of the House, and that the Bill will be given second reading and be referred to committee without undue delay.

Right Hon. GEORGE P. GRAHAM: Honourable members, as my silence might be misconstrued, I desire to say a word. I think that any person who has lived in this country for any length of time must realize that a Bill of this kind is looked upon by the average person as a means of loosening the marriage tie. We have only to look across the border —and I am not going to dilate upon this— to see the result of such a law. I think I am safe in saying that if either party to a Canadian marriage secures a divorce in the United States, remarries, and returns here to live, the American divorce is not recognized and he is contravening our law. That, to my mind, is a very strong ground for saying that the Canadian people are almost a unit in their opinion as to the matter of divorce.

I was brought up in the school that regards marriage as more than a contract. This is not because of the influence of my honourable friend to my left (Hon. Mr. Dandurand). It is so considered by very many of our people, and I am happy to associate myself with those people. When a marriage is performed in the name of the Almighty it becomes more than a human contract under any law.

I cannot vote for the second reading of this Bill on the understanding that it is to go to committee. Unlike other bills, which can be fixed up in committee, and which we allow to pass this stage without committing ourselves to the details, this Bill puts it squarely up to us whether we will vote for or against additions to our divorce law— additions which in my humble opinion would result in a loosening of that law. Insanity, for instance, is one of the new grounds for divorce. We all know of cases of people who have been sent to institutions for the insane and who under modern scientific medical treatment have been cured within a comparatively short period of time. If insanity is to be a ground, what then?

Hon. Mr. ASELTINE: There is a five-year limit provided in the Bill.

Right Hon. Mr. GRAHAM: The same argument that I am trying to present would apply to desertion. Three years is, of course, a long time for a man to abandon his wife, or for a woman to desert her husband, but reconciliation has been known to be brought about after an even longer period than that. It is not beyond the realm of probability.

As to the proposal that life imprisonment should be a ground for divorce, I may say that men who have been sentenced to prison for life have sometimes been released after a few years. The real wife will be living in hopes that her husband may be restored to her and her children.

Hon. Mr. HORNER: That is not in the Bill.

Right Hon. Mr. GRAHAM: Well, it was argued rather strongly to-night, and it is an indication of what we may look for next year.

I am opposed to divorce because I see the evils of it in some other countries. I am not prepared to follow the British precedent in this matter. There was a time when, although this country was prohibiting the publication of the details of divorce cases, the English papers were doing otherwise. Even the London Times had a page of divorce news. So far as legislation regarding divorce is concerned, I think that morally we are ahead of the Old Land. It may not seem reasonable that I, who have broader views on most subjects, should take this ground, but I claim the privilege of voting against the second reading of this Bill because I am opposed to it in principle.

Right Hon. ARTHUR MEIGHEN: Honourable members, I have no intention of making an elaborate speech either for or against this measure. When we assent to the second reading of a bill it is usually presumed that we accept the principle of the bill. On that ground I feel I should make a reservation before I assent to the second reading. I am not sure that in point of principle I can support all the provisions of the Bill. It is not a mere matter of amendment or of detail. One may take exception to an important feature of a measure even though other features of it may appeal to him as sound. I cannot say I am absolutely sure, but I think it likely, that after a full review before the committee it would not seem right that the Bill should stand as it is. However, I am desirous of having it go to committee.

If the marriage contract is to be regarded as a contract and nothing more, then, of course, the violation of any one of its terms would be just as fatal as the violation of any other; there is no reasoning by which it could be said the breach of one cardinal or important feature of the contract should be any less fatal than the breach of another. Because the marriage contract, almost from the birth of civilization of mankind, has been

regarded as something more than a civil contract, we do not lay it open to annulment and award damages as we do in the case of other civil contracts of our polity. I know there are those who do not conceive of the marriage contract having any of the attributes of a mere civil obligation, but regard it wholly in the light of a religious ceremony.

Hon. Mr. HUGHES: It is both.

Right Hon. Mr. MEIGHEN: Others take a somewhat modified view. As a consequence we have to try to find some ground which does not too violently attack the consciences of any.

Up to now in this Dominion we have confined ourselves to but one ground for divorce. Arguments can be found to support others. I can call to mind almost innumerable instances—sadly, more to-day than in other times—in which most fearful misfortunes and most brutal injustices seemed to fall upon people because of our law being restricted as it is. In a word, any number of reasons can be found for supporting the relief of the individual. Yet when that reasoning is carried to its conclusion one sees that the ultimate direction in which it leads is towards the disintegration of the home, and one's heart shudders at the result of one's own logic. The home is the whole basis of civilization. Without it we cannot survive. One country has made a trial, and has been compelled to retrace its steps. Therefore all who feel that they are at a very sacred point when dealing with legislation which invades the home are going to be very careful of the exact steps they take. In a word, you cannot get a law which is fair to the individual and is not going to result in the disintegration of the home. If we make our laws broad enough to cover all cases—to provide fair and just treatment for the poor woman who is deserted, for the poor woman whose husband is a drunkard, for the poor man whose wife has run away, for the poor man whose wife has become insane—we get to a point where the fortifications of the home are gone.

Hon. Mr. LACASSE: Hear, hear.

Right Hon. Mr. MEIGHEN: We must see to it that we do not go too far. We cannot do more than provide a remedy for the very worst cases, without running the risk of bringing about conditions which would be still more terrible than those we are seeking to cure.

I certainly do not feel like supporting the principle of an amendment to make desertion a ground for divorce. I look differently upon incurable lunacy, a condition whose existence I do not think it is impossible to determine reliably. Lunacy is not something which depends upon volition of the individual, but desertion is. I realize there is a limit to the extent to which this argument can be carried, for the great breach which we in this Dominion have always acknowledged as a sufficient ground for divorce does depend upon volition of the individual. But in any event I draw some distinction between desertion and incurable lunacy, and I believe there can be justification for divorce when one party to the marriage contract is afflicted with hopeless insanity, a condition not self-imposed. A man who deserts his wife may do so to evade his obligations, or by collusion, and in any case he may later return. Believing that opportunities for collusion would be much more numerous if desertion were a ground for divorce, I could not support final passage of a bill which made it a ground.

My words have perhaps not been very clear. Realizing that no matter what I do I can be charged with being illogical, I am going to vote for second reading, trusting that some illumination may be thrown upon the measure when in committee, and that when it comes finally before us it will be in a form which will meet with approval of a majority of the House.

Hon. RAOUL DANDURAND: Honourable senators, it is not my habit to rise to discuss divorce questions. I stated on a previous occasion that at the time I entered this Chamber I asked some senior members of my faith what their practice was when petitions for divorce were presented. They were men of high standing, who had played an important role in my province, and I had the greatest respect for them. They were unanimous in telling me that they abstained from voting one way or the other on divorce petitions. This practice has always been followed by me. Though I know that divorce is a subject which properly comes before us, under our Constitution, I have not read evidence taken by the Divorce Committee, nor have I expressed any opinion or registered any vote on its reports and bills. I have always felt that my colleagues of other faiths formed a sufficiently large jury to deal with these matters.

But on this occasion I rise because my honourable friend who moved second reading of the Bill (Hon. Mr. McMeans) has made an appeal to members of the Senate who for religious reasons would vote against divorce bills. He has suggested that they should show a spirit of tolerance and leave to those who believe in the principle of divorce the

right to amend and extend the present law. I would draw his attention to the fact that in this instance I am forced to express an opinion. Here we have a Bill which would confirm and extend the principle of divorce and thereby weaken the marriage tie, and I cannot remain silent when the motion for the second reading is put to a vote. I intend to vote against the motion.

Hon. L. COTE: Honourable senators, when I arrived in the House this evening, unfortunately a few minutes late, the mover of this Bill (Hon. Mr. McMeans) was just making an appeal to a number of members, including myself. To be perfectly candid, I was a bit surprised at the nature of the appeal, for it is not known to me that all persons not of my faith are in favour of the principle of divorce. Because of my religious tenets I am opposed to divorce: I believe that marriage cannot be dissolved. But, on the other hand, I have yet to learn that persons of other faiths believe in divorce for religious reasons. I do not think that is so at all. It may be that those whose religion does not teach that divorce is an impossibility regard it with more tolerance than we do, but there are hundreds of thousands—yes, millions—of people in this country not belonging to the faith to which I belong who are opposed to extending grounds for divorce, or to making it easier, and are in favour of restricting it as much as possible. It seems to me that those people would not give way and agree to extension of the grounds so long as they could reasonably resist any demand for such extension.

Surely we all realize that, as the right honourable leader on this side of the House (Right Hon. Mr. Meighen) said a few moments ago, divorce is an element which disintegrates the home and the family. It is the enemy of the home. It is obvious that even those who have no conscientious objection to it are afraid of it, and are most certainly not eager to see the Canadian home made less stable by the weakening of our divorce law. Reference has been made to the law of England. But it must be remembered that there is a much older civilization in that country. Here we are just past the pioneering stage. Our people are pretty religious and pretty stable, and throughout the land there is a prejudice—I mean not a religious, but an ordinary prejudice—against divorce. There is an aversion to it. Even to-day divorce is not considered a nice thing in Canada. In England it may have been expedient to extend the grounds for divorce. If so, that is England's business. In any event we do not have to follow suit. In this country we do not adopt all the laws that are passed in England. Surely the fact that England has amended its divorce law is not an argument that should sway honourable members and induce them to vote for this Bill.

I am opposed to the Bill on two grounds. In the first place I am against it for personal religious reasons. If those were the only reasons I had, I should be willing to step aside and let other honourable members decide whether the Bill should become law or not. But at the same time I am convinced that it is against public interest and welfare.

Hon. Mr. MURDOCK: Would my honourable friend answer the question that was asked by the honourable senator from Alma (Hon. Mr. Ballantyne)? Holding—and very properly—the views that he and others do, can he explain how it came about that a girl who was married at the age of twenty years and ten months and lived with a man for a number of years could be divorced, in fact, by having her marriage annulled? I think my honourable friend is aware that from time to time the newspapers carry stories of marriages being annulled in the province of Quebec for some reason or other. Why? How can that be done if marriage is for life? My honourable friend, who is a lawyer, can answer these questions and help me and probably some others to understand his viewpoint.

Hon. Mr. COTE: Unfortunately I was not present when the honourable senator from Alma asked his question. I take it from what my honourable friend now says that it concerned the case of a young woman of twenty years and ten months of age, and I assume that she was married without consent of her parents or guardian. I did not know that in Quebec a woman was a minor until twenty-one; I thought the age was eighteen, but it may be twenty-one. Now, probably the Quebec law is that a woman younger than twenty-one cannot be married without the consent of her parents.

Right Hon. Mr. MEIGHEN: But does that not have to do with the law as to marriage rather than with the law as to ceremony of marriage?

Hon. Mr. COTE: Yes.

Right Hon. Mr. MEIGHEN: Therefore, it is federal.

Hon. Mr. COTE: No. It is the provincial law which specifies the age of the contracting parties. Naturally marriage is surrounded by

certain legal formalities. Laws have been passed in Ontario, as well as in Quebec and in all the other provinces, regulating the capacity of parties to a marriage and the conditions under which marriage can be performed. If in the province of Quebec a marriage was set aside because a woman was not twenty-one when the ceremony was performed, I can only come to the conclusion that under the provincial law she was incapable of entering into a marriage contract without leave of her parents or guardian.

Hon. Mr. MURDOCK: What about the children, if any?

Hon. Mr. COTE: The result is that there was no contract. So the annulment to which the honourable senator from Parkdale (Hon. Mr. Murdock) refers is not a divorce at all; it is simply a declaration by the court that no marriage took place.

Hon. Mr. BALLANTYNE: Will the honourable senator pardon me? We cannot discuss judges in this House, and I am not going to do so. I simply want to state a fact. In the case in question the petitioner was told that the annulment left her just as free as if she had never been married at all.

Hon. Mr. COTE: I assume the honourable gentleman is right. That would be the natural consequence of a judgment of annulment.

Hon. Mr. MURDOCK: What about the children, if any?

Hon. Mr. COTE: I do not know the Quebec law. It is a matter for the provincial legislature to decide what the civil rights of children would be in certain cases. If there was no marriage, there might not be any civil consequences at all. I should not like to guess at what the Quebec law is, but I would point out to the honourable senator from Parkdale the necessity of realizing that an annulment, under the circumstances in the case referred to, is not a divorce at all. It is simply a declaration that no marriage ever existed, whereas a divorce is the breaking of a bond, a dissolution of a contract which once existed.

Hon. Mr. MURDOCK: May I ask my honourable friend another question? We are all grown up here, and good friends, and we may as well get a little further information while we are discussing this matter. Let us suppose that a young man of my persuasion and a young woman of your persuasion, both resident in the province of Quebec, are married there by a preacher of my persuasion. Some time later—it may be months or it may be years—someone comes along and says there was no marriage. Will you explain that? That is a kind of thing I have been reading about for a number of years and could never really understand. Nobody is better able to give me an explanation than my honourable friend who is touching on this point just now.

Hon. Mr. COTE: The honourable member flatters me, but for that reason I am going to endeavour to give him an answer. In such a case it is again a matter of civil law. In the province of Quebec, as well as in the other provinces, the rule of the Catholic church is that those belonging to it can become validly married only before a minister of their faith. That is purely a religious rule, and it cannot have any civil effect unless the legislature intervenes and gives it civil effect. As long as there has been a Civil Code in the province of Quebec that Code has recognized the religious impediment to the marriage of a Roman Catholic before a minister of another faith, and has given it the effect of a civil impediment. That explains how an annulment is brought about in the kind of case referred to by the honourable senator.

Hon. Mr. MURDOCK: Is the British North America Act involved at all?

Hon. Mr. COTE: No, it is not involved.

Hon. Mr. MURDOCK: I wish my honourable friend would tell me as a layman why it is not involved.

Hon. H. H. HORSEY: Honourable members, I do not wish to give a silent vote on this Bill. I do not consider that adding three further grounds of divorce can be regarded as weakening the present law in any way. These further grounds should strengthen rather than weaken the Act. This may lead to an increase in the number of divorces, but if those divorces are justified there can be no valid objection to them. Which is the greater evil, violation of the marriage contract without or with legal redress to the innocent party? To my mind the withholding of justice to the injured party will tend to wreck the home rather than hold it together. Suppose a man deserts his wife and children, goes to the United States or some other country and contracts a bigamous marriage. Should not the innocent wife be protected in such a case? After all, should we not listen to the inner voice—should we not obey the dictates of our conscience? What, in the circumstances, would be the fair thing to do for the innocent wife in particular and for society in general? Should we shut our eyes to something that shocks our sense of justice? The home, as an honourable gentleman has said, is the foundation of civilization. In my view, if we do not take action along

the lines of this Bill we shall not prevent, but on the contrary we shall hasten, the breaking up of homes where unhappy marital conditions prevail. Why should not a poor deserted wife or husband be permitted to have another home? Under the law to-day they have no grounds whatever for divorce.

Hon. Mr. MURDOCK: They have certain grounds for divorce.

Hon. Mr. HORSEY: I am speaking of desertion. That is the only point to which I wish to draw attention. True, the Bill establishes additional grounds for divorce, but they are justifiable grounds, and personally I believe the Bill will enure to the general welfare of society and to the protection of the home by doing justice to innocent individuals. For these reasons I cannot for the life of me see how we can take any other course than support the Bill.

Hon. J. J. HUGHES: Honourable senators, it is quite apparent that we shall not this evening reach a vote on the motion for second reading. I know some honourable members wish to speak on the Bill, and it is now getting late.

Some Hon. SENATORS: No, no.

Right Hon. Mr. MEIGHEN: Go ahead.

Hon. Mr. HUGHES: I presume honourable members will not expect me to present legal arguments in support of my opposition to this proposed legislation. My opposition rests upon other grounds, and I would ask you not to think it is due to any thought of superior virtue on my part, or to a desire to parade any knowledge of Christian doctrine that I may possess. My motives are, I hope, the result of far better principles. I will at once admit that in respect to some things I have strong convictions, that I recognize my responsibilities as a member of this honourable law-making body and, rather than shirk what I believe to be my duty, I would run the risk of being misunderstood. I shall now proceed, as best I can, to lay down the premise or foundation on which to build a sound conclusion.

I presume it will be agreed that the fundamental principle of Christianity, as its name implies, is that Jesus Christ was and is God as well as man; that, as God, He had the power and the right to make laws binding on all men, under all circumstances, and for all time. Did He legislate on the subject of marriage, and did He make a validly contracted, consummated marriage indissoluble? If the Bible is not a book of fables, He did both these things, and for Christians worthy of the name this settles the question. I shall now quote the passages of the Bible that bear directly on the subject, using the King James version. I cite the gospel of St. Matthew, 19th Chapter:

3. The Pharisees also came unto him, tempting him, and saying unto him, Is it lawful for a man to put away his wife for every cause?
4. And he answered and said unto them, Have ye not read, that he which made them at the beginning made them male and female,
5. And said, For this cause shall a man leave father and mother, and shall cleave to his wife: and they twain shall be one flesh?
6. Wherefore they are no more twain, but one flesh. What therefore God hath joined together, let no man put asunder.

Hon. Mr. BALLANTYNE: Will the honourable gentleman tell me, then, how it happens that in my city annulments are being granted by the dozen, and marriages thus rendered void?

Hon. Mr. HUGHES: Those who are acquainted with the provincial laws of that part of Canada will be better qualified to answer the question than I am.

Hon. Mr. HORSEY: But they cannot supersede the law you are quoting.

Hon. Mr. HUGHES: I am presenting my argument, and when I am through my honourable friend can tell me what he thinks of it. Some honourable member to-night said marriage was more than a contract. The Author of Christianity laid down that principle: He said it was more than a civil contract. I continue my quotation from St. Matthew:

7. They say unto him, Why did Moses then command to give a writing of divorcement, and to put her away?
8. He saith unto them, Moses because of the hardness of your hearts suffered you to put away your wives: but from the beginning it was not so.
9. And I say unto you, Whosoever shall put away his wife, except it be for fornication, and shall marry another, committeth adultery: and whoso marrieth her which is put away doth commit adultery.

Then let me quote these verses from St. Mark, Chapter 10:

2. And the Pharisees came to him, and asked him, Is it lawful for a man to put away his wife? tempting him.
3. And he answered and said unto them, What did Moses command you?
4. And they said, Moses suffered to write a bill of divorcement, and to put her away.
5. And Jesus answered and said unto them, for the hardness of your heart he wrote you this precept.
6. But from the beginning of the creation God made them male and female.
7. For this cause shall a man leave his father and mother, and cleave to his wife;
8. And they twain shall be one flesh: so then they are no more twain, but one flesh.

9. What therefore God hath joined together, let not man put asunder.
10. And in the house his disciples asked him again of the same matter.
11. And he saith unto them, Whosoever shall put away his wife, and marry another, committeth adultery against her.
12. And if a woman shall put away her husband, and be married to another, she committeth adultery.

St. Luke is very brief. This is the 18th verse of Chapter 16:

Whosoever putteth away his wife, and marrieth another, committeth adultery: and whosoever marrieth her that is put away from her husband committeth adultery.

St. Paul, in First Corinthians, Chapter 7, wrote on this question thus:

10. And unto the married I command, yet not I, but the Lord, Let not the wife depart from her husband:
11. But and if she depart, let her remain unmarried, or be reconciled to her husband: and let not the husband put away his wife.

Again in Ephesians, Chapter 5, he said:

31. For this cause shall a man leave his father and mother, and shall be joined unto his wife, and they two shall be one flesh.
32. This is a great mystery: but I speak concerning Christ and the church.

I would here call attention to the fact that St. Paul expressly declares he is not presenting his own views, but is laying down the law of Christ and the Church. This ought to be enough for Christians. I am convinced in my own mind that no man can accept the parts of Christianity that suit him and reject the parts that do not suit him, and still be a Christian in the proper acceptation of the term. But I would not be misunderstood. There are non-Christians who are better living men and more worthy citizens than many Christians. But this is not an argument against Christianity; rather is it proof of the parable of the Cockle and the Wheat. Or perhaps a better illustration would be the penitent thief, and the disciples who went back and walked no more with Jesus. The thief was a Christian, and his faith and penitence were his salvation. The disciples probably were better living men than the thief; at all events, they were more respectable; but they doubted or denied the divinity of Jesus and therefore His omnipotence. They were critics who had a high opinion of themselves and they sat in judgment on the teaching of the Master; therefore Jesus, Who was love and goodness itself, let them go, and He would have allowed the Apostles to go, too, if they had not, through the mouth of their spokesman, made a profound declaration of their faith. To the thoughtful man there is no other philosophy of life at all comparable with Christianity, even for this world. But we must take it as a whole, or reject it as a whole.

Most people will, I think, say that there are degrees of disobedience to the laws of God and man, and therefore degrees of malice in such disobedience. There is a difference between the sins of impulse and the sins of premeditation; and I am shocked when I find a deliberative law-making body in a professedly Christian nation telling God to His face that it knows more about the making of laws for the world and for humanity than He ever knew, and that it will make laws to supersede His commands. And my sorrow is all the greater when I realize that the English-speaking nations appear to be leading in some of these bad directions. We are told that a few months ago the Parliament of Great Britain passed a bill similar to the one we are now considering. Unfortunately that statement is true. But when and from whom did the Parliament of Great Britain get the power to pass such a law, and by whom was it prompted? It did not get the power from God, and was not prompted by Him, because God does not and cannot contradict Himself.

A few days ago I read an editorial in the Ottawa Citizen under the heading "The Divorce Bill," from which I take the following paragraph:

These provisions follow the lines of the British Act which amended the divorce law of the United Kingdom. The British Bill was supported by a large majority in Parliament, by the public generally, by the press, and in many instances, by the pulpit.

All of which is true, and pity 'tis 'tis true. And then we wonder that the world is afflicted and in trouble! My wonder is that our afflictions are not far greater than they are. I marvel that we are not swallowed up by another deluge.

Again I would ask that I be not misunderstood. I do not want to make out the British people and the English-speaking nations to be worse than they are. By comparison, I think, we have some virtues, perhaps many, that others do not possess; and if this is correct a just God will give us credit for them. But this does not justify us in trampling upon some of God's laws and making a scrap of paper of the Bible.

I hope the Bill will not receive second reading.

Hon. FELIX P. QUINN: Honourable members, as I am opposed to the principle of divorce, I am opposed to the present Bill, because it extends the grounds upon which divorce may be secured and makes divorce easier to obtain. When I consider the alarm-

ing increase in the number of divorces in Canada in recent years, and the tremendous number of those applied for and granted in the country to the south of us, in relation to the number of marriages, I hesitate even to give this Bill consideration.

I am not going to trouble you with any extended remarks, but I wish to place certain considerations before you. Will the passing of this Bill not have a tendency to make less careful those who are considering the possibility of entering into the holy bonds of matrimony?

As has been said by one or two of the previous speakers, the Catholic Church regards marriage as a sacrament. It is something greater than a civil contract. Therefore we who are members of that Church take this matter more seriously than those who do not agree with us from a religious point of view.

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

PRIVATE BILLS

SECOND READING

Hon. L. McMEANS moved the second reading of Bill C, an Act respecting the Canadian Pacific Railway Company.

He said: Honourable members, this is simply a Bill to enable the Canadian Pacific Railway Company to lease a small line of railway, some ten miles in length, running from Lac du Bonnet to Great Falls. It is owned by the Winnipeg Railway Company, and unless the Canadian Pacific Railway can lease it and take it over, it will be abandoned.

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

SECOND READING

Hon. L. McMEANS moved the second reading of Bill D, an Act respecting Révillon Frères Trading Company, Limited, and to change its name to Rupert's Land Trading Company.

He said: Honourable members, this is a Bill concerning Révillon Frères Trading Company, Limited, one of the old-time trading companies with stores throughout the West. It is asking for permission to change its name and reduce the capital stock. The company has an authorized capital of $2,000,000, issued as follows: 18,000 shares of $100, each fully paid, and 1,020 shares on which $5 a share has been called and paid. Because of trading losses suffered in the last two years, the company's balance sheet as at the end of 1937 shows a deficit of more than $900,000. As part of the capital has been lost, the amount of the capital should be reduced.

Hon. Mr. QUINN.

Right Hon. Mr. MEIGHEN: Will the honourable member explain why a company with the name of Révillon Frères—a name that carries with it prestige throughout northern Canada, and dates back for decades—wants to change its name?

Hon. Mr. DANDURAND: I confess that I was very much surprised when I saw the purport of this Bill. I should like to have some clear evidence that all the parties interested in the company are behind the Bill.

Hon. Mr. McMEANS: The reason given is that the Révillon family no longer have any connection with the company, and that the name of the company should be changed.

Right Hon. Mr. MEIGHEN: I know that is the reason given, but it is no reason at all. It does not matter whether the Révillons are still alive or not. I am surprised that anyone should try to get rid of a name that means so much, and take one that means so little.

Hon. Mr. DANDURAND: I know that more than one member of the Révillon family are still living.

Right Hon. Mr. GRAHAM: Most companies would pay to get that name.

Hon. Mr. McMEANS: The Bill will go to the Private Bills Committee.

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

SECOND READING

Hon. C. W. ROBINSON moved the second reading of Bill E, an Act respecting the Restigouche Log Driving and Boom Company.

He said: Honourable members, this is an unimportant Bill, the purpose of which is to extend the power of choosing directors. The company has been in existence since 1910. All operators on the river having 100,000 feet of lumber or upwards passing through the boom in any given year are members of the company. Apparently all the members are now corporations, and it is not always practicable for a director or the manager of certain of the corporations to act as director of the company, and the company is desirous of extending the qualifications to any person authorized by a resolution of a corporation which is a member of the company.

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

DIVORCE BILLS

SECOND READINGS

On motion of Hon. Mr. McMeans, Chairman of the Committee on Divorce, the following Bills were severally read the second time:

Bill F, an Act for the relief of Alice Cecile Pinder Hartt.

Bill G, an Act for the relief of Ruby May Foster Ryder.

Bill H, an Act for the relief of Ethel Sadie Davidson Case.

Bill I, an Act for the relief of Ray Simon Stern.

Bill J, an Act for the relief of Norma Adelaide MacKenzie Hird.

Bill K, an Act for the relief of Mabel Marjorie Thompson Maynes.

Bill L, an Act for the relief of Walter Edward Gorham.

Bill M, an Act for the relief of Margaret Anne Eddie Bender.

Bill N, an Act for the relief of Kathryn Chronis Briggs.

Bill O, an Act for the relief of Vera May Levis Holloway.

Bill P, an Act for the relief of Robert Andrew Young.

FIRST READINGS

Hon. Mr. McMEANS, Chairman of the Committee on Divorce, presented the following Bills, which were severally read the first time:

Bill Q, an Act for the relief of Mary Lorraine Ward Williamson.

Bill R, an Act for the relief of Lyall Gibson Hodges.

Bill S, an Act for the relief of Esther Lazarovitch Cohen.

Bill T, an Act for the relief of Dorothy Reaves McMartin.

Bill U, an Act for the relief of Mary Dorothy Picard Whitcombe.

Bill V, an Act for the relief of Emil Kastus.

Bill W, an Act for the relief of Eva Fleming Hislop.

Bill X, an Act for the relief of Sigmund Oravec.

Bill Y, an Act for the relief of Robert Parry.

Bill Z, an Act for the relief of Nacha Ferszt Klajner, otherwise known as Nora Firstenfeld Klein.

Bill A1, an Act for the relief of Leonora May Howard.

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

THE SENATE

Wednesday, March 16, 1938.

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

Prayers and routine proceedings.

PRIVATE BILL

THIRD READING

On motion of Right Hon. Mr. Meighen, Bill A, an Act respecting the Dominion Association of Chartered Accountants, was read the third time, and passed.

DIVORCE AND MATRIMONIAL CAUSES BILL

SECOND READING

The Senate resumed from yesterday the debate on the motion for the second reading of Bill B, an Act respecting Divorce and Matrimonial Causes.

Hon. E. D. SMITH: Honourable senators, as I intend to vote for the second reading of this Bill, I wish to give briefly my reasons for so doing.

I do not conceive that voting for the principle necessarily implies acceptance of all the provisions of a bill. The purpose of this Bill is to loosen somewhat our very rigid laws in regard to divorce, which, I understand, are more rigid than those of any other of the Overseas Dominions.

I strongly deprecate enlarging the grounds for divorce to the extent which obtains in the United States; but that, in my opinion, is not the purpose of this Bill. And I think that we ought not to hesitate to consider these amendments for fear of what may follow their adoption. This is a body of mature and experienced members, and I am confident they will never countenance any measure which might bring about in this country such a condition as that which prevails in the United States, where, as is well known, divorce is granted even on the ground of incompatibility of temperament. On the contrary, I feel sure that honourable members will, as is our practice, consider this Bill on its merits, and will not fail to reject any provision which would tend to loosen the marriage tie to the deplorable degree which we see to the south of us.

I shall vote for the second reading so that the Bill may be referred to a committee. There it can be discussed and, if necessary,

amended so that it may be reported to this House in a form which will commend itself to our approval.

Hon. J. J. DONNELLY: Honourable members of the Senate, the honourable member from Winnipeg (Hon. Mr. McMeans), when speaking in support of this Bill, suggested that members of the Senate who on account of religious convictions are opposed to divorce should refrain from opposing the Bill. I wish to make my position perfectly clear in this regard.

For many years private bills have been brought into this House for the purpose of giving relief by way of divorce to certain persons mentioned. Those bills did not in themselves enact divorce legislation. In the past the practice has grown up of initiating such measures only in the Senate, and the Senate has thereby come to be looked upon to some extent as a divorce court; but there is no valid reason why such bills should not originate in the House of Commons, be considered there and then come to the Senate. As I have said, bills of that nature were private bills, and during the twenty or more years that I have been a member of this House, though not disposed to vote for them, I have never voted against them.

But the fact that this is a public Bill places it in an entirely different class. This is a measure which affects the welfare of the people of this country. I think, therefore, it is the duty of every member to take a stand on the Bill and to support it or oppose it, as he sees fit.

The object of this Bill is to enlarge the grounds for divorce, with the result, as I believe, that divorces will become very much more numerous than in the past. The promoters of the Bill have said this will not be the case, but we have the example of the country to the south of us, where the reasons for which divorce could be granted were gradually enlarged, and where one of the principal grounds—and one that is included in this Bill—is cruelty. We sometimes read about the movie colony out in California. It is just possible that conditions there are the same as in other parts of the United States. Judging by the publicity given to the movie colony, I have come to the conclusion that many of the so-called movie stars, though, fortunately, not all, give about as much consideration to getting a divorce and being remarried as they would give to turning in their old car for a new model. We do not wish to encourage that kind of thing here.

If you pass this Bill a person can go to the courts and get a divorce on the ground of cruelty. This would give a certain respectability to divorce. There would be no scandal about it. Under the existing law there is some scandal attaching to it. If a mild construction is put upon the word "cruelty" by the courts on the other side, the same may happen here and divorce may become a very simple and respectable way of swapping partners.

I do not think it is in the best interest of this country that we should loosen up divorce and make it easier. As long as human nature remains what it is, husbands and wives will at times have differences of opinion, and if you make divorce easy you will create a situation wherein they will make no effort to become reconciled to each other, because it will be much easier to get a divorce.

Much stress has been laid upon the plight of the unfortunates who are suffering on account of our present law. There is no doubt about it that it does result in suffering to some people, but unfortunately it is impossible to frame laws and regulations under which innocents will not suffer. We have only to look at our courts of justice. I am disposed to think that in many cases where a criminal is convicted of some serious offence and sent to a penitentiary, his next of kin endure a great deal more mental anguish and other forms of trouble than the criminal himself does. Yet our judges, knowing this to be so, are not thereby retarded from passing such sentences as they believe will be in the best interest of society.

There is a class who would suffer if the number of divorces were increased: I refer to the children of divorced parents. Those who make up this class are perhaps more numerous and more important than the persons who are suffering now for want of relief. If the law is made easy there will be a great increase in the number of children of divorced parents: more boys will be growing up without the companionship and guidance of a father, which they so much require, and more homes will be deprived of the love and devotion of a mother, which are so essential to the bringing up of children.

The mover of the motion (Hon. Mr. McMeans) emphasized the point that in introducing the measure he was simply following the example which was set in England last year, when the law was amended there. That is quite correct. Later he remarked that reforms are made slowly, and achieved only after a long period of time. He told us that the divorce law of England had remained virtually unamended for eighty years. Well, if he wishes us to follow the English pre-

cedent in that respect it will be many years before he need bring in an amendment applicable to my province of Ontario. The present divorce law of that province has been in force only since 1930, and it does appear to me that it has not yet had a sufficiently long trial to warrant any amendment. I have a recollection of having read in one of the papers a statement by the present Attorney-General of Ontario—I looked for it this morning, but was unable to find it—wherein he was quoted as having expressed the opinion, in an interview in Toronto, that it would be well to give the present law a longer trial before changing it.

For the reasons which I have endeavoured to give, as well as on the ground of arguments presented by other honourable senators, and in particular those so eloquently advanced by the right honourable gentleman from Eganville (Right Hon. Mr. Graham), I intend to vote against second reading of this measure.

Hon. CHARLES BOURGEOIS: Honourable members of the Senate, although the wording of section 3 of this Bill has, in my opinion, the effect of excluding the province of Quebec from the application of the measure, I deem it my duty to oppose its adoption, because I consider it is against the moral welfare of Canada as a whole. I presume that other honourable members, like our colleague from King's (Hon. Mr. Hughes), will state the reasons why they consider this proposed legislation is contrary to the law of nature and to the positive Divine law. I will restrict myself to a discussion principally on sociological grounds. I do this not because I undervalue the importance of argument based upon the Holy Scriptures, but because I believe that the social aspect of the divorce problem may have to some minds a greater importance than the religious one.

It cannot be denied that the family is the most permanent foundation of civil society or the State; it is really its corner-stone. Nor can any impartial man fail to admit that the most powerful and perhaps the best-faring nations of the world have always been those wherein family ties were the strongest. This is the thesis sustained by a great French writer, Paul Bourget, in one of his novels, "Le Tribun." The reason is evident. Society cannot be founded on the individual, for the individual is ephemeral; he passes and disappears without trace. The only element which has stability and permanency is the family. It is through the family that the present is connected with the past and continued into the future.

The child is not only born in the family, he is educated in it. It is the source of not only his physical life, but his intellectual and moral development as well. The country or nation of which he becomes a citizen is only an enlarged family. So true is this that in some languages country is designated as motherland or fatherland—vaterland in German. The word "patriot" is evidently derived from the Latin "pater," meaning father. And the beautiful Latin saying, "Dulce et decorum est pro patriâ mori"—it is sweet and glorious to die for one's own country—expresses deepest patriotic feelings by referring to the land of one's fathers. For most men the destruction of the family has the consequence of depriving the word "country" of meaning. It thereby becomes a word without sense, a pure abstraction. We may say in a general way that a person who does not recognize the existence of ties between his family and himself will most probably refuse to admit that he has any duty towards his country.

The passing of a law having the effect of proclaiming the principle that the matrimonial tie is not indissoluble would be conducive to the certain destruction of the family, and that in the near future. Basis for this statement can easily be found by reference to statistics in governmental reports. I ask the House to listen to some figures as to the number of divorces granted in Canada during the period from 1901 to 1936. In the period from 1901 to 1917 the number of divorce decrees did not reach 100 annually, but from 1917 to 1924 it jumped to 543, and during the next twelve years it increased from 551 to 1,526. In fact, in those last twelve years the divorces granted in this country reached the enormous number of 11,001. I want to draw attention particularly to the fact that this destruction of Canadian families has been terribly progressive. That is shown by a comparison of the period last mentioned with a period of equal length, from 1901 to 1912, when the divorces totalled only 395.

Canada is not the only country in which such a disastrous progression has occurred. The growth of divorce in the United States, for instance, is indicated by the following figures. The number granted per 100,000 of population in 1890 was 53; in 1900 it was 73; in 1906 it had grown to 84, and by 1916 to 112.

We have no reason to expect that what has occurred in other countries would not happen in Canada. We may be sure that if the grounds for obtaining divorce are increased, as is proposed by this Bill, there will be no way of stopping the nefarious consequences.

Generally, those who favour divorce deny that marriage is a sacrament. They insist, as did the honourable senator from West Central Saskatchewan (Hon. Mr. Aseltine), on its contractual nature, and assert that, like any other contract, it may be set aside or resiliated when one of the parties fails to fulfil his obligations towards the other. This argument is far from being sound. It may well be urged that cancellation or avoidance of that contract would be detrimental to the child. True, he was not a party to the agreement, but he is a direct result of sexual intercourse which took place after that agreement. The child is the hope of the country. He is a very important national asset, and his welfare should not be endangered just for the purpose of satisfying the caprice of one or both of his parents.

If it were to be admitted that marriage has no higher goal than to gratify the carnal desires of the principals, it would be evident that they should separate as soon as their passions had been satisfied. But this logically would mean that marriage is no more binding than free love. Whatever legal barriers may be erected in order to minimize the consequences of divorce and restrict the grounds on which it may be granted, there is no doubt that the law cannot prevent the success of manoeuvres by husband and wife to secure divorce by mutual consent.

I do not expect any honourable member will blame me for being proud of my race, of those French colonists—numbering about sixty thousand at the time of the fall of Quebec, and now increased to several millions—who discovered most of the territory which now constitutes this beautiful Canada, and who extended their activities over the whole continent of North America, invading even that part of the United States which formerly was New England. If they have survived the many crises through which they have passed, preserved the characteristics of their race, extended their influence and become one of the most important factors of our national life, it is mainly owing to the fact that they have always considered marriage to be a solemn engagement for life; that they have always gathered around the hearth for comfort and hope; that their parents have always taught them the sanctity of matrimonial ties, respect for their father and the holiness of their mother. How different the result would have been had they constantly undermined their homes by ceasing to adhere to the principle of the indissolubility of marriage!

It may be added that the welfare of the State is greatly endangered by divorce, for statistics show that the number of criminals and insane is proportionately ten times greater among persons who are divorced than among those who are not.

For the reasons I have stated, I venture to say that if the Bill became law it would bring to this country extremely pernicious results, for its underlying principle would be destructive to the family, which is the foundation of the State.

The fact that the English Parliament passed such a law does not create a precedent to be followed by the parliaments of the Dominions. I admit that in many instances England has been for the Dominions a model of wisdom, and has given them splendid examples of moral uprightness and fortitude, but I respectfully submit it would be a sad day for the whole Empire if the law should ever recognize and sanction the idea that the sanctity of marriage is merely a phrase, and that the home fires, which should be kindled by love, constancy and loyalty, are to be extinguished by human passions, one of the worst being selfishness. Under these circumstances, I believe the duty of this House is simply to reject this Bill now, and not send it to committee for discussion of its clauses.

Hon. R. H. POPE: Honourable members, for a long time before I entered Parliament I did not believe in divorce. I believed in the sanctity of marriage and in requiring the parties to stand by their contract. On one occasion while I was at home some of my friends came to me and said, "We see you have voted against divorce." I replied, "Yes, I have." Then they said, "Well, let us point out to you some evils which might be avoided if we had a proper divorce law in Quebec." They told me that a woman had run away to the United States and married another man. Her first husband, who continued to live in the little town of Cookshire, thereupon married a widow. They told me of five or six similar cases. I said to them, "If it can be shown to me where the responsibility lies for such impure lives, I shall be prepared to render justice unto them." I thank you.

Hon. C. P. BEAUBIEN: Honourable members, of course, I hold the same view as do those who for religious and social reasons are opposed to this Bill. I am sorry indeed that I cannot respond to the entreaty of the honourable sponsor of the Bill (Hon. Mr. McMeans) and stand aside. I do not think it is possible to be neutral in the circumstances.

I am inclined to believe this Bill will do violence to the conscience of the majority of our people, and I shall give the reasons for my belief. Forty-five per cent of the population of Canada are Catholic. If you add to

that percentage the number of Anglicans who are opposed to divorce—

Hon. Mr. BALLANTYNE: Some of them.

An Hon. SENATOR: No.

Hon. Mr. BEAUBIEN: I certainly am not as well versed in this respect as my Anglican colleagues may be, but I have always understood from the newspapers that the Church of England is absolutely against divorce. From what has been said in this debate it is evident that a considerable number of persons, members of other denominations, are also against divorce. If you take them all into account, must you not come to the conclusion that the majority of the people in this country are, for reasons of conscience, opposed to divorce and believe that this Bill would do violence to their conscientious convictions?

I do not need to supplement the arguments already advanced in opposition to the Bill. In deference to the appeal of my honourable friend the senior member from Winnipeg (Hon. Mr. McMeans) I should like to stand aside in this matter, as I and others to my knowledge have always done for many years in regard to divorce, but on this occasion it is a matter of principle and it is impossible for me to abstain from voting.

Hon. C. E. TANNER: Honourable members, as the mover of the Bill has pointed out, and as is shown on the Bill itself, Nova Scotia has had a divorce law since 1758. We are not a very large community,—

Hon. Mr. CALDER: But a very important community.

Hon. Mr. TANNER: —but we have a cosmopolitan population representative of many races. The law of Nova Scotia provides for divorce on grounds of adultery, impotence, cruelty and consanguinity. Were you to ask me how many divorces are granted each year in Nova Scotia, I could not tell you, for divorce, being an old business, is not news. I read the Nova Scotia papers every day of my life, but I never see anything in them about divorce.

Although the grounds of divorce are as wide as I have stated, I have never seen as a result any demoralization whatever among our people. I think that generally speaking they compare favourably with their fellow-citizens in the other provinces as regards public and private conduct. Therefore I feel it does not necessarily follow that widening the grounds of divorce will plunge the country into immorality.

Our divorce law in Nova Scotia provides also for alimony and for custody of the children. The court looks after the children. In my judgment it has been during a long period of time a very satisfactory law. Of course we differ from Hollywood; we are not the same kind of people. I should not like to see Hollywood set up as a model of conduct for the people of this country.

As I pointed out, there is no advertising of divorce in Nova Scotia. But this Parliament is the greatest advertiser of divorce cases in the world. First of all notice must be published in the newspapers that there is going to be an application for divorce; then the applicant and the defendant, if there is one, must come and appear before our committee. Every word of the evidence is put down in print and published in pamphlet form, and that is placed in the hands of every member of the House of Commons and every member of the Senate. I should be surprised to learn that every member of either House puts that evidence into the waste-paper basket. I think it trickles all over the country. Elderly men in hospitals in Nova Scotia have written to me asking for copies of the evidence—

Some Hon. SENATORS: Oh, oh.

Hon. Mr. TANNER: —wanting some interesting and light reading. However, I have got into the practice of putting my copy into the waste-paper basket.

Hon. Mr. CALDER: That is not safe.

Hon. Mr. TANNER: I sat on the Divorce Committee for five or six years, until I saw that the whole thing was standardized. Then I thought somebody else might take a turn at it. Whenever I look through the reports, as I sometimes do, I observe as I did when I sat on the committee that in ninety-nine cases out of one hundred the parties are not living together. Either the man is away with another woman, or the woman is away with another man. What are you going to do in a case of that kind? The home is already broken up. Are you going to refuse the aggrieved person some justice?

Moreover, in the cases that come before the Senate, when it is a woman who is applying for the divorce, no consideration whatever is given to the question of support for that woman. We never deal with alimony, nor do we make any provision whatever for the children, if there are any. The jurisdiction of Parliament to deal with that matter is questioned; consequently nothing is considered but the question of adultery; the children are allowed to go adrift, and the woman, if she is the complaining party, is given no consideration at all. I think that

is entirely wrong. If this Parliament has not the power to look after the aggrieved woman and to make some provision for her and the children, then I say it should cease to deal with divorces altogether and turn the whole business over to the courts of the country, which can deal with these matters.

I quite appreciate any religious objections to divorce in general. My honourable friend in front of me (Hon. Mr. Beaubien) said he understood the Church of England was opposed to divorce. I think it is in theory. I happen to belong to that communion, but I do not feel myself bound by that, and never will; and I do not think that when I go up to the Golden Gate, Peter will ask me whether I voted for a divorce or not.

What I say is this. Under the Constitution of this country, the British North America Act, the responsibility for divorce is placed upon this Parliament, and I think it is the duty of every member of this Parliament, whether we have religious scruples or not, to deal with the subject in the interest of the whole public. I think that every province in this country should have courts to try these divorce cases, and that this Parliament should be entirely rid of the matter.

I am going to vote for this Bill because, as I say, I do not find my province demoralized at all. I think that insanity, as provided for in the Bill, is a good ground for divorce. I think also that desertion is a good ground, and I am pleased to see that the Bill provides for the family and for the aggrieved woman. If we are going to deal with divorce at all, let us deal with it completely and satisfactorily.

Hon. A. D. McRAE: Honourable senators, I think it is the wish of every honourable member of this House to guard the sanctity of the marriage vow. In my view marriage is more than a contract. It has been quite properly said that family life is the basis of our civilization, and I think we will all agree that the woman is the keystone of the family.

Woman's status has undergone a great change in the last generation. Privileges and rights that were denied to her in the past are now available to her. As we all know, she, more frequently than the man, is the aggrieved member of the family. That is evidenced, I think, by the fact that at least three-quarters of the applications for divorce which come before us are made by women.

If we will but read the evidence given before our Divorce Committee, I think we will all agree also that as far as the particular family in question is concerned, the sanctity of marriage is pretty much a thing of the past. I believe that in this matter, to a certain extent, we have to take things as we find them, and not as we should like them to be.

There are some features of this Bill that appeal to me. One is the ground of insanity. I cannot conceive of anything worse than incurable insanity; to me it means a living death; and when one of the partners in a marriage is incurably insane, it does seem to me that the other partner should be granted some relief instead of having to live out his or her life alone because of the misfortune that has overtaken the partner who had been selected for life.

I would have this Bill include life imprisonment among the causes for divorce. I know the right honourable gentleman from Eganville (Right Hon. Mr. Graham) said yesterday that a man might get a reprieve. But can you conceive of a woman whose husband, through no fault of hers, is sentenced to the penitentiary for life for committing a murder, retaining the slightest semblance of the sentiment which induced her to throw in her fortunes with his? Can you conceive of her going back to live with him again? Would she be safe in doing so? To my mind such a thing is impossible. Is the fact that she had married a man who went so far astray as to commit a murder any reason why she should not have a chance to live? That is one provision which I think might well be added to the Bill.

I am not in favour of the promiscuous divorces referred to by the honourable senator from South Bruce (Hon. Mr. Donnelly). I would oppose, as I am sure all honourable members would, anything like that in this country. None of us look upon divorce favourably, but I agree with the honourable senator who preceded me (Hon. Mr. Tanner) that we must take the situation as we find it and must deal with it as conservatively as we can. I think that is our responsibility, and I believe this Bill should be sent to a committee to be considered, and, if possible, amended.

For these reasons it is my intention to vote for the second reading of the Bill.

Hon. J. A. CALDER: Honourable members, I wish to say just a word before the vote is taken. I am not opposed to the principle of the Bill. I do not like divorce, but, as has been said many times, we have to recognize conditions as they are and make provision to meet them. I understand that the additional grounds for divorce set forth in the Bill are similar to those adopted in the British House of Commons.

Hon. Mr. McMEANS: Absolutely.

Hon. Mr. CALDER: Word for word.

Hon. Mr. McMEANS: Yes.

Hon. Mr. CALDER: I must say frankly that I do not like one or two of those provisions, and unless we can find some means of modifying or clarifying them I may be forced to vote against the third reading of the Bill.

Let me explain. One of the additional grounds for divorce contained in the Bill is desertion without cause for a period of at least three years. I am inclined to think that period is far too short. Husbands and wives have difficulties, adultery is committed, and in many cases the applications for divorce do not reach us for four, five, six or seven years. What I mean to say is that in many cases there is no haste about the matter. I conceive that there may be collusion in connection with desertion.

Hon. Mr. COPP: Hear, hear.

Hon. Mr. CALDER: People who want a divorce may say that the easiest way to get it is for one of them to desert the other for a period of three years. I think the time fixed in the Bill is too short.

A further ground provided in the Bill is that the respondent has since the celebration of the marriage treated the petitioner with cruelty. What is cruelty? How is it brought about? We all know what is happening on the other side of the line: there, cruelty is the main ground for divorce. I think I am safe in saying that in the United States more divorces are granted on the ground of cruelty than for any other cause. There is no attempt made in the Bill to define the meaning of cruelty. There are all kinds of cruelty. In the United States many divorces are granted on the ground of mental cruelty. Are we going to create a condition whereby our courts may eventually accept that kind of cruelty as a reason for granting divorce? I doubt the advisability of that, and when the Bill reaches committee—if it does— I should like to see some real effort made to restrict the meaning of the word "cruelty" in such a way that it may be properly dealt with by the courts. Otherwise we may have in this country a situation similar to the one which prevails on the other side of the line.

I agree with much that has been said regarding the granting of a divorce for insanity. When a person has been incurably insane for a period of, say, five years, it seems reasonable that a divorce should be granted. But we have to look at that clause very carefully. The court has to decide whether or not the insanity is incurable, and it is quite conceivable that unless we place restrictions around that provision divorces may be granted which should not be granted. I am quite sure that in the great majority of cases the courts would demand full proof, but, as we all know, a person may be sent to an insane asylum, be adjudged incurably insane by those in charge, and yet be cured. That has happened time and again. I think that the question of the incurability of an insane person should be hedged around in such a way that there may be no mistake. I propose to vote for the second reading in the hope that certain amendments may be made to the Bill in committee.

Hon. ANTOINE J. LEGER: Honourable members, I wish to associate myself with those who have spoken against the second reading of the Bill now under consideration. Section 3 of the Bill would affect New Brunswick, as in that province we have a court of divorce. In New Brunswick divorce a vinculo matrimonii is granted on the grounds of frigidity, impotence, adultery, and consanguinity within a prohibited degree. Our Act provides that the issue of the marriage shall not in any case be bastardized or be in any way prejudicially affected. There is also provision that the wife shall not be barred of her dower, nor the husband deprived of any tenancy by the courtesy of England, if the court so determines.

I may add further that in New Brunswick adultery is a misdemeanour, a crime punishable by indictment. In that respect we stand in a little different position from the other provinces. Demands have often been made upon the Legislative Assembly of New Brunswick to remove adultery from the list of crimes. The Legislature has always refused to do this, because it was felt that by so doing it would widen, as it were, the opportunities for divorce. So I conclude that our province is not divorce-minded. On the contrary, down there we deplore the constant increase in the number of cases. So I am opposed to any means of facilitating the granting of divorce.

Many arguments against divorce have been advanced by honourable senators who have preceded me. I do not wish to repeat their points. But this further thought occurs to me, that persons who marry associate themselves, as it were, for life, and the very object of that act is the procreation of children. It therefore follows that before divorce is granted the children concerned, if any, should be consulted. Otherwise a great injustice is done to those innocent parties who are, if I may put it this way, a natural consequence of the partnership established at the time of the marriage.

In my consideration of this Bill certain questions have come to my mind. Would its passage have the effect of strengthening and uniting the family? Would it improve the outlook of our people? Would it direct us to a higher conception of life? Would it tend to improve society, to create better understanding between the different races and creeds that make up our Dominion? Would it strengthen the bonds of friendship that exist or should exist between the church and the civil power? I believe that not only would the measure fail to accomplish these things, but its effect would in every instance be to make them more difficult of accomplishment. Therefore I cannot support the motion for second reading. I know that some people hold marriage to be only a civil contract, but, as was so well stated yesterday by the honourable senator from Ottawa East (Hon. Mr. Côté), many others—and they make up a respectable minority, if not indeed a majority, in this country, comprising all creeds and races—regard it as being far more than that. I am one of those, and therefore I urge that this House should be careful not to open wider the gate to undesirable forces that would assail and endanger our family life and our Canadian society.

Hon. E. S. LITTLE: Honourable senators, it is not often that I burden this House with my views, but I feel that I should state, very briefly, my reasons for supporting the motion for second reading of this Bill. I have been a member of the Divorce Committee almost ever since I was appointed to the Senate, and I cannot but have strong views on the subject now before us.

Since 1930 nearly all the work of this committee has come from the province of Quebec, which has not seen fit to have its courts accept the responsibility that is imposed upon courts in the other provinces. I believe that this year there are more than 76 cases on the list for our consideration, and the time for receiving petitions has not yet expired.

One cannot associate oneself with the work of the Divorce Committee of this House, or the courts of the provinces, without realizing that our recognition of only one ground for divorce creates an intolerable position. Many honourable senators who have preceded me have expressed fear that this proposed legislation would tend further to break up home and family life. On the contrary, I believe that nothing leads so surely to an impossible domestic situation as the holding together of two persons who have not, and never again can have, anything whatever in common, because one of them, through his or her own fault, or possibly on account of uncontrollable circumstances, has utterly failed to live up to the original idea behind the union.

Only on Sunday last I read in Winston Churchill's "Great Contemporaries" a quotation from a speech made by Lord Birkenhead on the Matrimonial Causes Bill in March, 1920—which, by the way, is considered to be the finest speech of his life. May I read to the Senate an extract from that speech, which I quote from the Life of Frederick Edwin, Earl of Birkenhead, by his son? The quotation is to be found on pages 131 and 132 of that book.

> I, my Lords, can only express my amazement that men of saintly lives, men of affairs, men whose opinions and experience we respect, should have concentrated upon adultery as the one circumstance which ought to afford relief from the marriage tie. Adultery is a breach of the carnal obligations of marriage. Insistence upon the duties of continence and chastity is important; it is vital to society. But I have always taken the view that that aspect of marriage was exaggerated and somewhat crudely exaggerated in the Marriage Service. I am concerned to-day to make this point by which I will stand or fall, that the moral and spiritual sides of marriage are incomparably more important than the physical side. . . . If you think of all that marriage means to most of us—the memories of the world's adventure faced together in youth so heedlessly and yet so confidently, the tender comradeship, the sweet association of parenthood, how much more these count than that bond which nature in its ingenious telepathy has contrived to secure and render agreeable the perpetuation of the species.

And further, on page 134:

> Those who have spoken in opposition to the present proposal say with the best motives but with malignant results: "We deny you any hope in this world. Though an honest man loves you, sin shall be the price of your union, and bastardy shall be the fate of your children." I cannot and do not believe that society, as it is at present constituted, will for long acquiesce in a conclusion so merciless.

I suggest to honourable members that, if they have an opportunity before this Bill is finally voted upon here, they should read the whole of that speech.

Hon. G. LACASSE: Honourable members, I want to say just one or two words—preferably one. I appreciate the enthusiasm with which some of my honourable friends have received this last remark. My purpose in rising is to join my voice to that of those who have expressed themselves as being opposed to this measure. Honourable members will have observed from the discussion that the opinions of our honourable friend the senior senator from Winnipeg (Hon. Mr. McMeans) are much more definite on wedlock than they are on some other kinds of "locks."

I was surprised to notice how many in this House share the views which he is "harbouring."

Joking aside, I wish if possible to inject a new idea into this discussion. It has to do with an issue that is most vital in the present circumstances. Never before in the history of Canada have there been so many speeches delivered by responsible men in ecclesiastical, political, professional and business circles on the unprecedented necessity of maintaining national unity in this country, of organizing and consolidating a national front, as it were, to oppose the common threats with which our Dominion is faced at this particular time. But is it not, may I ask, our first and most urgent duty to preserve intact—and united—the basic foundation of our Canadian society, which is the home?

Now, I do not think there is a member of this House who considers that divorce, in principle, is not an evil. But where we disagree is that in the minds of some it is regarded as a necessary evil. Sometimes there may be extenuating circumstances which appear to justify a crime. Consider, for instance, the case of a man whose children are starving and who deliberately steals a loaf of bread from the corner store to feed them. He is impelled by a natural motive, the desire to save the life of his family, and that is an extenuating circumstance. But should the crime itself, as such, be condoned? There is involved a principle to which we cannot close our eyes, for in no case whatever should crime be condoned. As I say, we are all agreed that divorce is an evil, but we are not all of the one view as to the expediency of condoning that evil in this or that circumstance. Well, I for one believe that we should unwaveringly uphold certain standards which have been established as guides to society; that we should be unflinching in our defence of what is called principle. As it is stated in philosophy, whatever good may result from evil, the end cannot justify the means.

I repeat that I am going to vote against this measure. But before closing I want to call attention to what appears to my mind a gross inconsistency—to use a very mild word—on the part of honourable members of this House who bow their heads in reverence at the beginning of every sitting, who offer a prayer to God in one breath and, in the next, vote for legislation which is a challenge to the laws of the same God.

Hon. R. B. HORNER: Honourable members, I intend to support second reading of this Bill, for many of the reasons that have already been stated and perhaps for some others. The honourable member who has just taken his seat urged us to uphold principle. Well, in my home I received a training second to that of no one here as to the sanctity of an agreement. I was taught that when a person makes a bargain he should stand by it. But in my travels across Canada and in my general experience I have come across instances of cruelty and misery of the worst kind resulting from the inability of married persons to secure divorce. I have known of murder and suicide being committed by persons who believed that it was impossible to break on this earth marriage ties which had become unbearable. What kind of home is there to be preserved when husband and wife hate each other and can no longer live together? What must the life of the children be like in such cases? Domestic crimes are reported in the papers almost every day. The city of Montreal is not exempt from crimes of that kind, by the way. A woman who has endured agonies so great that she no longer is responsible for her actions, poisons her husband. A desperate man, who can see no other way out, kills his wife.

The church teaches us moral principles. That is its duty. But in making legislation we are concerned with practical affairs. Some years ago an attempt was made to prohibit by legislation the sale of intoxicating liquors. What happened? The principle was all right, but it was impossible of enforcement. The sale and consumption of liquor went on, illegally, and the effect upon our people was far worse than if there never had been any prohibition law passed. The right honourable senator from Eganville (Right Hon. Mr. Graham) spoke of the result of divorce in the great country to the south of us. I venture to say to him that there are living in that country possibly a million former Canadians whose main reason for leaving Canada was that they had found it impossible here to secure relief from unhappy marriage. Whenever I have been in the United States I have noticed that the better class people still believe the home is the basic unit of their great country.

As to including insanity as a ground for divorce, I would point out that to-day doctors can determine with much more accuracy than was possible a few years ago whether a cure can be effected in a short time. Where insanity is incurable, I think the husband or wife, as the case may be, should be granted relief as specified in paragraph (d) of section 6.

I am in favour of the principle of the Bill, and I do not think I should apologize to anyone for casting my vote in favour of the motion for second reading.

Hon. CAIRINE R. WILSON: Honourable senators, two years ago, when this matter was being debated in the British House of Commons, I expressed my approval of the proposed legislation. My views have not changed in the meantime, and I was much gratified when the honourable chairman of the Divorce Committee (Hon. Mr. McMeans) introduced this Bill.

It is significant that those who sponsored the Divorce Bill recently passed by the British House of Commons, Colonel Herbert and his seconder, are both very happily married. I think by their action they showed their appreciation of the difficulties under which some persons have to live.

I am in favour of adding desertion as a ground for divorce. A young woman with whom I have been intimately associated for the last five or six years was deserted more than eight years ago under particularly difficult circumstances and was faced with the problem of maintaining herself and child. I submit that that young woman should have the right to lead a happy life. It was not her fault that her husband ran away. This case is typical of many. Besides letters from deserted wives I have also, strangely enough, received numerous letters from men. One husband tells me that his wife has gone to Australia with their son, and he sees no prospect of her ever returning to him.

Many women feel very strongly that there should be a uniform marriage law throughout Canada. A few minutes ago I was given the following information relative to the standing of those whose marriages have been annulled in the province of Quebec:

> In Quebec a marriage, even though annulled, is considered by articles 163 and 164 of the Civil Code to be a putative marriage if one of the parties contracted in good faith, and as such protects civil effects in favour of the party in good faith, and the children issue of the marriage. Despite this fact, when the wife and children go to reside in another province after annulment the inclination has been to consider such children as illegitimate and their mother as unmarried, although by Quebec law they are legitimate, have a right to support, and to succeed to their parents, etc. It is, therefore, expedient that the legal position of such women and their children be placed beyond cavil.

The arguments in favour of the Bill have been pretty well covered by honourable members who have addressed us in its support. I can confirm what the honourable seconder of the motion (Hon. Mr. Aseltine) said yesterday, that for three hundred years desertion has been a ground for divorce in Scotland, but there has been no apparent increase in the number of divorces there.

I intend to support the motion for second reading.

Hon. JAMES MURDOCK: Honourable senators, yesterday evening I asked my honourable friend from Ottawa East (Hon. Mr. Côté) for certain information, and I have been sitting here since the opening of this afternoon's session hoping that some honourable senator would give me the information. Last night the honourable senator from Alma (Hon. Mr. Ballantyne) put this question:

> Will the honourable gentleman tell me, then, how it happens that in my city annulments are being granted by the dozen, and marriages thus rendered void?

Under what law and on what pretext are such annulments being granted by the dozen? Is it not reasonable to assume that red-blooded Canadians would come out into the open and decide how those annulments should be granted? Or is it to be understood that the subterfuge of alleged religious scruples gives certain Canadian judges the right to annul marriages just because one of the parties has the religious convictions that I hold, while the other party has the religious convictions that my honourable friend from Ottawa East holds—and which, I hasten to say, he has a perfect right to hold?

It seems to me it is time we all came clean on this matter. If I can interpret history—and I have tried to do so—certain impositions such as annulments of marriages by the dozen in Montreal, and certain encroachments upon individual rights of citizens of certain countries, have in past years been detrimental indeed to those who claim to hold pronounced religious scruples. Not a single member in this Senate, regardless of his religious belief, but has been appalled during the past year or two by the crimes that have been committed against religion and religious convictions in different parts of the world. We had hoped that those things would cease, so that any person would have the right to his religious convictions without being subjected to some other's exaggerated views.

Is it not a fact that from the province of Quebec we have already this session received seventy-six petitions for divorce, in which the provincial authorities will have no part nor parcel? Is it not also a fact that dozens of annulments of marriages are being granted in the province of Quebec on no other pretext than that one party to the marriage holds the religious convictions which I hold?

The honourable gentleman from Montarville (Hon. Mr. Beaubien) told us a little while ago that forty-five per cent of the people of Canada share his religious views. I do not doubt his statement. It is perfectly justified and proper. But I would suggest

that unless crucifixions for religious belief, such as we have heard of as occurring in other countries of the world, are to be repeated—and let us pray Heaven that may never happen—we should reason together and decide on the proper system of separating husband and wife, rather than rely on the subterfuge that this or that party to the marriage holds religious convictions not in accord with the principles of the judge who grants the annulment. I hope that no word of mine will offend the sensibilities of any distinguished gentleman holding religious convictions contrary to mine. He has a perfect right to his own. But I plead with him and all others of his faith not to impose such a travesty of justice upon the citizens of Quebec as is evidenced by the statement of my honourable friend from Alma, which I accept, that dozens of annulments of marriages are being granted in the city of Montreal. The thing is not right, and I say again, let us come clean, and let the courts decide when marriages should be annulled.

Of course, I shall vote for the second reading of this Bill.

Hon. J. H. RAINVILLE: I am not greatly interested in this Bill, but I am interested in the speech made by the honourable senator who has just taken his seat (Hon. Mr. Murdock). He has dealt with what is a matter of provincial jurisdiction. I do not know from whom he has received his information, but if he would go to Montreal and discuss with one of the judges there who had granted several of the annulments to which he referred, he would find that all those cases were dealt with under the Civil Code.

Let me cite this case for the honourable gentleman's consideration. Not long ago a certain husband and his wife were not on very happy terms, and he said to her: "Why don't you go off for a four-month holiday? I will pay your expenses. When you come back maybe we shall be able to get along better." The wife went away. During her absence the husband obtained from Toronto what purported to be a certificate of her death. This certificate was produced to the proper authorities and on the strength of it the man was married to another woman. Later it developed that the certificate was obtained by fraudulent representations and that in fact the wife was still alive. The case is pending before the Montreal courts. I suppose this will be reported as another broken marriage.

I repeat to my honourable friend that I should like to have him meet one of our judges in Montreal to discuss the matrimonial cases which the judge has dealt with according to the laws of Quebec. Under our law in Quebec judicial separations are granted, but the parties so separated cannot marry again. We in Quebec regard marriage as a sacrament, not as merely a civil contract. We respect the views of those who do not agree with us, and all we ask in return is that our convictions shall also be respected.

This Bill specifies cruelty as an additional ground for divorce.

Hon. Mr. MURDOCK: Will my honourable friend tell us about the dozens of annulments which the honourable senator from Alma mentioned? My honourable friend has dealt with only one annulment.

Hon. Mr. RAINVILLE: That is a point of law. In our province a minor cannot marry without the consent of his parents or guardians. Should he go through a form of marriage without such consent the ceremony is not valid; in other words, according to our law, he is not married at all.

I was about to discuss the addition of cruelty as a ground for divorce. This House—

Right Hon. Mr. MEIGHEN: Before the honourable gentleman discusses that point, will he kindly clear up something which has been in my mind for some time? I must say at once that I have not given it special study from the lawyer's standpoint. If Quebec or any other province can legislate as to the right of an individual to marry—for instance, that so-and-so, under twenty-one years of age, cannot marry without the consent of parents or guardian—will the honourable gentleman tell me of any legislation which the Parliament of Canada could pass with respect to marriage?

Hon. Mr. RAINVILLE: None.

Right Hon. Mr. MEIGHEN: But the Constitution says the Parliament of Canada has jurisdiction over marriage and divorce.

Hon. Mr. DANDURAND: But not over the solemnization of marriage, which covers procedure.

Right Hon. Mr. MEIGHEN: But the competency to marry is not a matter of solemnization. I will put this to my honourable friend opposite: If the provinces have the right to say who can and who cannot marry, will he tell me anything the Parliament of Canada can do with respect to marriage at all? I have exhausted my brain and have not been able to think of a single Act we could pass, with any meaning in the world, on any phase of marriage. Still the British North America Act says the Parliament of Canada has jurisdiction over marriage. I should like the point cleared up.

Hon. Mr. DANDURAND: I think I can answer my right honourable friend's question. It is true that section 91, paragraph 26, gives the Federal Parliament jurisdiction over marriage and divorce; but it is equally true that paragraph 12 of section 92 gives jurisdiction to the provinces over "The solemnization of marriage in the province."

Right Hon. Mr. MEIGHEN: Certainly.

Hon. Mr. DANDURAND: I confess that I have always looked upon this division as an extraordinary one, and the query in my right honourable friend's mind has also been in mine, and as well in the minds of many people throughout the country. As to why that division was made I am not ready to answer my right honourable friend.

Right Hon. Mr. MEIGHEN: I am stuck.

Hon. Mr. DANDURAND: So am I.

Hon. Mr. MacARTHUR: May I ask the honourable senator a question following that put by the right honourable leader on the other side? It has always been a puzzle to me just why the mixed marriages we hear so much about are being annulled. Suppose a young woman, a Catholic, and a young man, a Protestant, both in every way qualified for marriage, marry and live together for a time, and then the wife goes before a court of justice in Quebec, can she get an annulment of her marriage because she was married, we will say, by a Protestant minister?

Hon. Mr. BALLANTYNE: I might be allowed to say a word—

Some Hon. SENATORS: Order!

Hon. Mr. BALLANTYNE: I thought my honourable friend from Repentigny (Hon. Mr. Rainville) had finished.

Hon. Mr. RAINVILLE: I may tell my honourable friend that, not having practised law for the last thirty years, I am not in a position to answer his question as to annulment of a marriage between a Protestant woman and a Catholic man, or vice versa. I know that in some cases such marriages have been annulled in the courts of Montreal. I repeat, I am not ready to answer his question now. But that, again, is a provincial affair.

Right Hon. Mr. MEIGHEN: That is the question. Is it?

Hon. Mr. MURDOCK: Does my honourable friend say the fact that the British North America Act gives the Federal Government jurisdiction over marriage and divorce is a provincial affair?

Hon. Mr. RAINVILLE: The honourable gentleman had better read the Act. We may have a chance to discuss it before long.

Cruelty is to be added as a ground for divorce. That word is capable of a very wide interpretation. I do not know whether its interpretation would become as wide in this country as it has become in the United States, but I should like to refer to a case that is known to a great many honourable members of this House. Very recently a man by the name of Culbertson, who is known as a bridge authority, had some dispute with his wife—

Hon. Mr. McRAE: Over bridge?

Hon. Mr. RAINVILLE: Over bridge. She made an application for divorce on the ground of cruelty, and the court granted the decree. About four weeks later the woman came back, and now these people are together again. That shows how far we may go in interpreting cruelty. If that can be cited as an example of what is going to happen in this country, I say that marriage, which we regard as a serious matter, would be nothing but a joke. For this reason I am going to vote against the Bill.

Hon. C. C. BALLANTYNE: Honourable members, I am not a lawyer, and as this is a somewhat delicate question, especially in my own province, I do not care to say very much about the annulments that have taken place in the city where I live. My Catholic friends will agree with me, I think, in what I am about to say, but if they consider that I am not stating the case correctly, I hope they will tell me so. A mixed mariage in my province—that is, a marriage between a Catholic and a Protestant—performed by a Catholic priest is legal and binding; but a mixed marriage performed by a Protestant minister, is according to the canon law and in the eyes of the Catholic Church not a marriage at all.

Hon. Mr. MacARTHUR: That is the idea.

Hon. Mr. BALLANTYNE: Legally, Protestant ministers have the same right to perform a marriage ceremony as the priests of the Catholic Church. But a great many marriages have been nullified. For instance, there was the Despatie annulment case, which was carried to the Judicial Committee of the Privy Council in England, where it was held that the annulment was invalid because it had no basis in fact or in law. We can agree to disagree on this question, but we cannot overlook the great hardship and the injustice that follow in the wake of these annulments.

Before a couple can marry they must obtain a marriage licence. The responsibility is upon those who issue the licence to see that the

young man and the young woman are of a proper age. I will just cite the case of a marriage performed by Canon Gower-Rees, of which I read in the Montreal press. A couple appeared before him, one a Catholic and the other a Protestant, with the proper licence and the necessary witnesses. He married them, and the registration was made in the usual way and witnessed. After a lapse of time—I cannot state just what it amounted to—the wife, who was the Catholic in this case, appeared before one of the Montreal courts and said: "I was married by this Protestant minister. I was not of age. I did not have the consent of my parents," and so on. Canon Gower-Rees was summoned to court and put through a rather stiff cross-examination. He said: "It is not my responsibility to know the ages of the parties. If the licence shows that they are of marriageable age, the responsibility is upon those who issued the licence." In the city where I live there is undoubtedly a considerable feeling that no court in the province has a right under the canon law to annul any marriage performed by a Catholic priest or by a Protestant minister if it is in accordance with the civil law of the province.

I do not hold any narrow views myself, there being in my own small family Catholics, Anglicans and Presbyterians. We are very much mixed.

I should like to hear from the leader of the House (Hon. Mr. Dandurand) or from some other lawyer who understands federal and provincial jurisdiction better than I do, just how it is that when a marriage is performed legally, and in accordance with the law of the province, a judge of the Superior Court in Montreal can annul the marriage because the man or the woman does not happen to be of a certain faith.

Hon. Mr. SAUVE: May I ask the honourable gentleman a question? In what way would this Bill have the effect of amending the situation mentioned by him?

Hon. Mr. BALLANTYNE: It affects the situation in this way. During this discussion many speakers have laid stress upon the disabilities that would fall upon the children if this Bill were to go through. They have said it would result in a loosening of the rule, and would increase the possibility of divorce. My honourable friend would say that in our province an annulment is not a divorce at all—that they are totally different things. He would tell me that divorce dissolves marriage, but that in the case of an annulment no marriage ever existed. I think that when we are discussing this Bill and its effects I am quite within the rules of the House in discussing also the question of marriage.

Some Hon. SENATORS: Question!

Hon. Mr. BEAUBIEN: I do not intend to inflict myself on the House—

Some Hon. SENATORS: Order!

Hon. Mr. BEAUBIEN: —but my honourable colleague from Montreal (Hon. Mr. Ballantyne) has put a question. Do you want it answered?

Some Hon. SENATORS: No.

Hon. Mr. MURDOCK: I should like to hear the answer.

Hon. Mr. BEAUBIEN: If you do not want an answer to the question the honourable gentleman has put from his own point of view, I am not going to insist, but I understood that he wanted both sides of the case put before you.

Some Hon. SENATORS: No.

Hon. Mr. DANDURAND: Hear, hear.

Hon. Mr. MURDOCK: I think we should hear it. I do not understand yet.

Hon. Mr. BEAUBIEN: In my province marriage is a sacrament.

Hon. Mr. DUFF: It is in other provinces.

Hon. Mr. BEAUBIEN: I am speaking of the province of Quebec.

Hon. Mr. DUFF: In my church it is a sacrament.

Hon. Mr. MURDOCK: Is it not a sacrament in every province?

An Hon. SENATOR: In every church.

Hon. Mr. BEAUBIEN: I am not denying that. I am saying that in the province of Quebec marriage is a sacrament. I do not contest the statement that it may be also in other provinces. However, marriage being a sacrament, the Civil Code of the province of Quebec says that a marriage can be valid only if made according to the laws of religion; not only the Catholic religion, but any religion. That is the first answer.

My honourable friend has cited the case of a minor who was married without the consent of her parents or guardians. He has said that several years afterwards she laid a complaint and obtained an annulment of her marriage. I contest that statement absolutely. The article of the Code says that if after six months there has been no complaint there can be no dissolution of the marriage.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. BEAUBIEN: Thirdly, my honourable friend comes here and says: "How extraordinary it is that you people should be-

moan divorce. Shame on you! Look at the number of dissolutions pronounced by your courts." I say there is not one dissolution to a hundred divorces. Can anyone contest that statement?

Right Hon. Mr. MEIGHEN: Not one annulment?

Hon. Mr. BEAUBIEN: Not one annulment. And now, if you are not satisfied, I think—

Hon. Mr. McMEANS: I rise to a point of order. The honourable gentleman has addressed this House on the main question. Can he get up again?

Hon. Mr. BEAUBIEN: My honourable friend is right. But I was asked to answer a question, and I think I was entitled to do so.

Hon. Mr. CALDER: Hear, hear.

Hon. Mr. BEAUBIEN: Now that I have answered, I sit down.

Hon. Mr. MURDOCK: Are there dozens of annulments in Montreal?

Hon. Mr. BEAUBIEN: "Dozens of annulments" is a figure of speech. If you want to know the number I shall endeavour to obtain the information for you. You will find that there is not one annulment to a hundred divorces.

Hon. Mr. MURDOCK: Is there one law in your province for a Protestant and another law for a Catholic?

Hon. Mr. BEAUBIEN: No.

Hon. P. E. BLONDIN: This discussion having gone so far, I think I should make my position clear. If we refer to the Civil Code it will be apparent, I think, that since Confederation there has never been any doubt of the right of the Provincial Legislature to deal with this matter. The article of the Code dealing with marriage says that the validity of the marriage is subject to the rules of the church to which the parties belong.

Hon. Mr. BEAUBIEN: All churches.

Right Hon. Mr. MEIGHEN: But if the parties belong to two different churches and the rules of those churches differ, what is the effect of the law?

Hon. Mr. MURDOCK: That is the point.

Hon. Mr. BLONDIN: I do not know whether I can make my point clear.

Right Hon. Mr. MEIGHEN: Who can?

Hon. Mr. BLONDIN: Each church has its own rules. The Catholic Church in certain cases recognizes the annulment of marriage. It does not go further. The law says that marriage is subject to the rules of every church.

Right Hon. Mr. MEIGHEN: If you give effect to the rules of the one church, by that very act you nullify the rules of the other church.

Hon. Mr. BLONDIN: I know. It comes back to the point the right honourable gentleman has raised, and so long as the situation is not clarified, so long as the law remains as it is, I think it is useless for the Senate to discuss the question. Catholic and Protestant churches have nothing to do with it so long as the law remains as it is. The judge is following the law.

Hon. Mr. HARMER: No.

Hon. Mr. BLONDIN: A person who is married contrary to the rules of his own church admits the nullity of the marriage because of the rules of that church not having been followed.

Hon. Mr. CALDER: The same would apply if the Protestant churches had a similar rule.

Hon. Mr. BLONDIN: Exactly.

Hon. Mr. MacARTHUR: But they have not.

Some Hon. SENATORS: Question!

The motion for the second reading was agreed to on the following division:

CONTENTS

Honourable Senators

Aseltine	McLennan
Ballantyne	McMeans
Black	McRae
Calder	Meighen
Cantley	Michener
Copp	Mullins
Dennis	Murdock
Gillis	Pope
Green	Rhodes
Griesbach	Riley
Harmer	Robinson
Horner	Sharpe
Horsey	Smith
Hugessen	(Victoria-Carleton)
Jones	Smith (Wentworth)
King	Sutherland
Lambert	Tanner
Laird	Taylor
Little	White
MacArthur	Wilson
Marshall	(Rockcliffe)—40.

NON-CONTENTS

Honourable Senators

Aylesworth (Sir Allen)	Macdonald (Richmond-West Cape Breton)
Beaubien	Macdonell
Blondin	Marcotte
Bourgeois	McDonald (Shediac)
Bourque	Molloy
Côté	Moraud
Dandurand	Prévost
Donnelly	Quinn
Duff	Rainville
Fauteux	Raymond
Gordon	Robicheau
Graham	Sauvé
Hughes	Tobin
Lacasse	Turgeon—29.
Léger	

The Bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. McMEANS moved that the Bill be referred to a special committee, composed of honourable senators Aseltine, Ballantyne, Copp, Gillis, Cantley, Horsey, King, Laird, Little, McMeans, Murdock, Riley, Robinson, Sharpe and Tanner.

Right Hon. Mr. GRAHAM: They might as well make their report now.

Hon. Mr. BEAUBIEN: The Bill will be all right with that committee.

Hon. Mr. McMEANS: I should like my honourable friend to go on the committee, if he would.

The motion was agreed to.

CANADA'S RAILWAY PROBLEM

NOTICE OF MOTION

The Senate resumed from Wednesday, March 9, the adjourned debate on the motion by Hon. Mr. Beaubien:

That, in the opinion of the Senate, the Government should be urged to settle the railway problem of Canada at an early date in order to stop the ruinous loss made each year by the Dominion through the Canadian National Railways, and which already amounts to several billion dollars.

Hon. F. B. BLACK: Honourable senators, on Wednesday last I made some remarks relative to the amendment which I propose to move. After all the eloquence and lack of eloquence to which we have listened this afternoon, I will not burden the House with further remarks. But I must not forget to thank honourable senators opposite who volunteered to second my amendment. However, none of these offers could be accepted, as I had already mentioned the name of the honourable senator from Wentworth (Hon. E. D. Smith) as seconder. The amendment I wish to move is as follows:

That all the words after "That," in the first line, be stricken out and that there be substituted therefor: "a committee of the Senate be appointed to inquire into and report upon the best means of relieving the country from this extremely serious railway condition and financial burden consequent thereto, with power to call for persons, papers and records, and that the said committee consist of fourteen senators, to be named by the leaders of both sides of this House, after consultation."

Right Hon. Mr. MEIGHEN: I did not see the final wording, but it strikes me that the portion which states the committee will be selected by the leaders in consultation is not quite regular. If it passes in that form the names do not need to come before the House at all. I think they should. In my opinion the latter part of the motion should be omitted.

Hon. Mr. DANDURAND: And the honourable gentleman to-morrow will suggest the names himself?

Right Hon. Mr. MEIGHEN: Certainly, in the usual way.

Hon. Mr. BLACK: Then, with the consent of my seconder and with the leave of the House, I will strike out the words "to be named by the leaders of both sides of this House, after consultation."

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

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

THE SENATE

Thursday, March 17, 1938.

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

Prayers and routine proceedings.

OPIUM AND NARCOTIC DRUG BILL

THIRD READING

On motion of Hon. Mr. King, Bill 24, an Act to amend The Opium and Narcotic Drug Act, 1929, was read the third time, and passed.

RAILWAY ACT AMENDMENT BILL (TELEPHONE TOLLS)

THIRD READING

On motion of Right Hon. Mr. Graham, Bill 14, an Act to amend the Railway Act (Telephone Tolls), was read the third time, and passed.

RAILWAY AND HIGHWAY CONSTRUCTION COSTS

INQUIRY

Hon. Mr. SAUVE inquired of the Government:

1. How much has the construction of railways cost Canada in the form of subsidies: (a) money; (b) land grants?
2. How much has the building of so-called national, interprovincial and provincial highways used for motor traffic, trucking and the transport of goods cost the country and the provinces?
3. For how many years have licences been issued for the circulation of such vehicles?
4. What sums have accrued to the provinces from this source?

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

1. (a)

	To Dec. 31, 1936
Dominion	$ 172,283,835
Provincial	33,391,669
Municipal	13,301,692
Total	$ 218,977,196

1. (b)

	Acres
Dominion	31,881,642
Provincial	15,758,223
Total	47,639,865

2. Data available 1928-1936 only.

Construction	$ 410,866,892
Maintenance	172,337,426
	$ 583,204,318

No expenditures for Quebec and four western provinces on local rural roads, nor for any urban streets are included. No prior data available.

3. Motor vehicle licences issued:

Ontario	1904
New Brunswick	1905
Quebec	1906
Saskatchewan	1906
Alberta	1906
British Columbia	1907
Manitoba	1908
Nova Scotia	1909
Prince Edward Island	1913
Yukon	1914

4.

1928-1936 inclusive	$ 419,213,089
1922-1927 inclusive	97,170,537
	$ 516,383,626

No data available prior to 1922. Gasolene tax included.

Right Hon. Mr. GRAHAM.

COST OF NAVIGATION ROUTES

INQUIRY

Hon. Mr. SAUVE inquired of the Government:

How much have our navigation routes—canals, lakes, rivers, etc.—cost the country: (a) since 1867, and (b) since 1900?

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

Dominion Government Capital Expenditure:

1868-1900	$ 107,122,204*
1901-1936	682,849,468†

*Includes dredging expenditures.

†Includes expenditures on national harbours prior to 1901.

DIVORCE AND MATRIMONIAL CAUSES BILL

CHANGE IN PERSONNEL OF COMMITTEE

Hon. C. C. BALLANTYNE: Honourable senators, I regret that I shall not be able to be in my accustomed place in this House next week. I beg leave to move, therefore, that my name be withdrawn from the personnel of the special committee appointed to consider the Divorce and Matrimonial Causes Bill and that the name of Hon. Senator Hugessen be substituted therefor. My honourable friend is a very able lawyer and is much better qualified to sit on the committee than I am.

The motion was agreed to.

ADJOURNMENT

MOTION

Hon. Mr. DANDURAND: Honourable senators, as there is nothing on the Order Paper for to-morrow, I beg leave to move that when the Senate adjourns this evening it do stand adjourned until Tuesday evening at 8 o'clock.

The motion was agreed to.

DIVORCE BILLS

THIRD READINGS

On motion of Hon. Mr. McMeans, Chairman of the Committee on Divorce, the following Bills were severally read the third time, and passed:

Bill F, an Act for the relief of Alice Cecile Pinder Hartt.

Bill G, an Act for the relief of Ruby May Foster Ryder.

Bill H, an Act for the relief of Ethel Sadie Davidson Case.

Bill I, an Act for the relief of Ray Simon Stern.

Bill J, an Act for the relief of Norma Adelaide MacKenzie Hird.

Bill K, an Act for the relief of Mabel Marjorie Thompson Maynes.

Bill L, an Act for the relief of Walter Edward Gorham.

Bill M, an Act for the relief of Margaret Anne Eddie Bender.

Bill N, an Act for the relief of Kathryn Chronis Briggs.

Bill O, an Act for the relief of Vera May Levis Holloway.

Bill P, an Act for the relief of Robert Andrew Young.

FIRST READINGS

Hon. Mr. McMeans presented the following Bills, which were severally read the first time:

Bill B-1, an Act for the relief of Annie Elizabeth Climie Adams.

Bill C-1, an Act for the relief of Margaret Alice Mizener.

Bill D-1, an Act for the relief of Frances Dorothy Scott Skinner.

Bill E-1, an Act for the relief of Esther Rotman Resnick.

SECOND READINGS

On motion of Hon. Mr. McMeans, the following Bills were severally read the second time:

Bill Q, an Act for the relief of Mary Lorraine Ward Williamson.

Bill R, an Act for the relief of Lyall Gibson Hodges.

Bill S, an Act for the relief of Esther Lazarovitch Cohen.

Bill T, an Act for the relief of Dorothy Reaves McMartin.

Bill U, an Act for the relief of Mary Dorothy Picard Whitcombe.

Bill V, an Act for the relief of Emil Kastus.

Bill W, an Act for the relief of Eva Fleming Hislop.

Bill X, an Act for the relief of Sigmund Oravec.

Bill Y, an Act for the relief of Robert Parry.

Bill Z, an Act for the relief of Nacha Ferszt Klajner, otherwise known as Nora Firstenfeld Klein.

Bill A-1, an Act for the relief of Leonora May Howard.

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CANADA'S RAILWAY PROBLEM

MOTION—DEBATE CONTINUED

The Senate resumed from yesterday the adjourned debate on the motion by Hon. Mr. Beaubien:

That, in the opinion of the Senate, the Government should be urged to settle the railway problem of Canada at an early date in order to stop the ruinous loss made each year by the Dominion through the Canadian National Railways, and which already amounts to several billion dollars.

And the amendment proposed by Hon. Mr. Black:

That all words after "that" in the first line be stricken out and that there be substituted therefor: "a committee of the Senate be appointed to inquire into and report upon the best means of relieving the country from its extremely serious railway condition, and financial burden consequent thereto, with power to send for persons, papers and records, and that said committee consist of fourteen senators."

Hon. JAMES MURDOCK: Honourable senators, this afternoon we are supposed to consider further the motion that was moved and spoken to by the honourable senator from Montarville (Hon. Mr. Beaubien) on March 2. During every part of my discussion of this matter I shall try to remember the thought which the honourable gentleman said was in his mind when he commenced his speech. He said he would attempt to support this motion "by a brief for the forgotten taxpayer of this country." And he added: "The taxpayer clamours for relief. He is entitled to sympathetic consideration." I whole-heartedly subscribe to that view, and shall undertake to analyse what there is in the honourable senator's proposal, as I see it, for the relief of the forgotten taxpayers of Canada. I shall endeavour to show, and I think I shall be able to show, that the ultimate result of the proposal would be not relief, but rather distress for our taxpayers and the requirement of further money contributions from them.

It is a rather peculiar circumstance, and I am quite sure it was an oversight, that although the honourable gentleman argued very earnestly and consistently for the present-day application of the Senate resolution of 1925, he failed to give at this late date, some thirteen years later, a concrete demonstration of what the resolution really meant. I shall try to do that right now. The Senate adopted the resolution on the 25th day of June, 1925—one day before prorogation. In his discussion of the matter two weeks ago my honourable friend read part of this resolution, but, as it appears to me, not its funda-

mental part. He did not read that part which I think would have shown conclusively that it had as its purpose not relief for the forgotten taxpayers, but something entirely different. However, let me place on Hansard the terms of the resolution. It will be found at page 695 of Senate Hansard for June 25, 1925. It reads as follows:

(e) The merging of the two railway systems for purposes of administration and operation.

That both the Canadian Pacific Railway and the Canadian National Railway should be placed under the management of a Board of fifteen directors, five to be named by the Canadian Pacific Railway, five to be named by the Government, and these ten to choose five proven, capable business men to complete the Board; these last five directors to hold office for ten years and to be removed only for cause.

That a recapitalization be made of the Canadian National Railways from the point of view of earning capacity.

That the Canadian Pacific Railway be guaranteed an agreed dividend on its stock.

That in the event of the joint management producing a surplus, a dividend at the same rate as is paid to the Canadian Pacific Railway be paid to the Government on the capitalization placed on the Government Railways. After the payment of these dividends any surplus earnings available for distribution be divided between the Canadian Pacific Railway and the Canadian National Railways, in proportion to the valuation of the two systems.

That is a portion of the resolution adopted by the Senate in 1925.

Hon. Mr. BEAUBIEN: Will my honourable friend allow me to put a question to him?

Hon. Mr. MURDOCK: Certainly.

Hon. Mr. BEAUBIEN: He said a moment ago that when I quoted the 1925 resolution of the Senate I omitted the part which he has just read. Is that not so?

Hon. Mr. MURDOCK: I cannot find in my honourable friend's address that part of the resolution which states that the Canadian Pacific Railway is to be guaranteed an agreed dividend on its stock. If he will tell me where I can find it in his speech, I will abjectly apologize.

Hon. Mr. BEAUBIEN: No. I say that portion was carefully eliminated from the resolution which I read. Is that not true?

Hon. Mr. MURDOCK: My honourable friend did not quote it.

Hon. Mr. BEAUBIEN: No. Therefore is it not a fact that the portion of the resolution which I read was simply that which recommends as a principle, and nothing else, joint managership? That is my first question. My second question is this: Is it not a fact that for years Sir Edward Beatty has stated—

Hon. Mr. MURDOCK: I shall come to that.

Hon. Mr. BEAUBIEN: Just a second. Is it not a fact that for years Sir Edward Beatty has stated that of course he never envisaged anything like that at all, but was perfectly satisfied that each road should get the revenue from its own lines, and that whatever saving was made should be equitably divided between the two lines?

Hon. Mr. MURDOCK: Who is making this speech?

Hon. Mr. BEAUBIEN: I want to know if my friend is acquainted with that fact.

Hon. Mr. MURDOCK: I am not going to enter into a discussion with my honourable friend now. He may desire to change the language in which he originally placed this resolution before us. As I understood, all the way through the proposal was to implement—

Hon. Mr. BEAUBIEN: No.

Hon. Mr. MURDOCK: —to implement the resolution of the Senate passed in 1925. My honourable friend now says no.

Hon. Mr. BEAUBIEN: The principle, yes.

Hon. Mr. MURDOCK: All right. In any case I am speaking for the forgotten taxpayers, and am going to try to find out as soon as I can how this proposal of my honourable friend will serve the interests of the forgotten taxpayers; for, believe it or not, I am just as much concerned in trying to do something for the forgotten taxpayers as my honourable friend can possibly be.

It is a peculiar and somewhat fortunate circumstance, perhaps, that the Sunday before my honourable friend spoke on this question I read editorials in two or three papers. I do not intend to quote as many as my honourable friend did, but in the course of my remarks I shall refer to at least two or three very important publications in the Dominion. I quote from an editorial in the Montreal Standard. It is captioned, "The Boundaries of a Dream," and, in part, is as follows:

In the past there has been no ceiling to the cloud-capped palace of dreams which we built for our Prairie West. We held to the theory that the Twentieth Century belonged to Canada and that the illimitable Prairie, whose rich black loam we took as an augury of fortune, was the appointed treasure house where we could cash in on it. We followed the gleam. The golden gleam of the wheat.

We were to become the granary of the Empire. Brilliant economists, more brilliant than cautious, saw the West feeding a hungry world with a billion bushels of wheat a year and more if necessary.

Actually at its peak year Canada produced 566 million bushels of wheat; but it was conceded that this was only a fraction of what could be expected in the future.

And now please note:

And so we encouraged captains of industry to build railways that the West would not need for 50 years to come, railways to provide long hauls for the wheat, railways to make short cuts for the wheat, railways to drag the wheat via the Arctic Circle at a time when the ice was frozen to a Europe which had no money to buy it, railways here, there and everywhere for this, that and everything —oodles of railways.

Our captains of industry did this with a right good will, being confident that the people of Canada would not see them stuck, but would take the baby over when it began to mewl in its nurse's arms. The people of Canada did. The result is that the West has railways to burn or—tear up.

May I now go back a few years farther to find out whether my honourable friend from Montarville is one of those public men to whom the Standard editorial refers? I think he is. I turn back to 1916—long before I ever dreamed of being under this roof—and I find in the closing days of that session my honourable friend undertaking, with his usual eloquence, to induce this House to agree to the purchase by the Canadian Government of two or three railways that, in my judgment, have never since paid for the axle grease necessary to run trains over their rails. My honourable friend spoke at considerable length, but I shall quote only his closing appeal to this House. It will be found at page 563 of Senate Hansard of May 17, 1916, and is as follows:

What is going to be the revenue from these roads, roughly speaking? The two roads that are now paying a revenue, the Quebec and Montmorency and the Lotbinière and Megantic, bring in $83,000. The Government is now spending, because there is no railway on the north shore, $80,000 that can be saved. It is paying for the transportation of mail to other railways about $5,400; for the operation of the Intercolonial railway, Rivière Ouelle branch, $22,000, and $52,000 for the ferry from Rivière Ouelle to Murray Bay, or in round figures $80,000. Add this saving of $80,000 to the $83,000 produced by the Quebec and Montmorency and the Lotbinière and Megantic and you obtain a total of $163,000. Now, honourable gentlemen, is it not fair to think that the Quebec and Saguenay will earn something? On the same ratio of earning per mile as the Quebec and Montmorency, the Quebec and Saguenay ought to earn $120,000. Therefore in savings, in actual and most probable earnings, we have in sight practically 5 per cent on the amount invested. Under these circumstances I will certainly vote for the Bill.

The vote was to acquire those particular railways in the province of Quebec.

What has happened since 1925 in regard to the building of railways—with all of which I feel quite sure my honourable friend had something to do, though I have not checked up on it? I find that since 1925 forty-eight branch lines of railway have been built at a cost of $57,744,105.13, their total length being 1,572.46 miles. This mileage is distributed as follows:

	Miles
Quebec	100·55
Ontario	3·52
Manitoba	172·62
Saskatchewan	888·69
Alberta	241·67
British Columbia	151·29

These figures, I may say, are contained in a return made in another place a few days ago.

Now I come to this so-called question of amalgamation. Some years ago the word "amalgamation" was generally used in connection with the proposal to consolidate these two railways. In recent years, for some reason or other, a different term has been used—a term which I have heard people say did not mean amalgamation. I was so interested in finding out the difference between amalgamation and unification that I checked up in the dictionary. This is what I find. Amalgamation is a union or junction into one body or whole: unification is the act of uniting into one. Therefore we can agree, I hope, that amalgamation and unification mean one and the same thing. I may be unduly suspicious, but I have an idea that the word "unification" has been used ever since the word "amalgamation" was passed into the discard in the city of Winnipeg in 1930.

Here may I pause for a moment to mention the reference made the other day by the right honourable leader on the other side of the House (Right Hon. Mr. Meighen). He dumbfounded me, and others, I think, by certain references to the importance, as I understood him, of amalgamating the railroads, when he said:

I have for my part given up hope that you can do anything so long as you are going to have these alternate Governments, each smashing everything done by its predecessor—so long as you are going to have a return of government interference after each election—so long as you are going to have sectional appeals to the employees of the railways against a political party because it would dare even to consider anything in the nature of unified management.

One honourable gentleman asked me: "What did he mean? Is he against democracy?" Of course I did not assume any such thing. "Is he suggesting that only a dictatorship can

solve the railway problems of Canada?" I said, "Oh, no; that is not what is meant." But the point I got from my right honourable friend's remark was that in political campaigns there had been sectional appeals on this question of railroads. Am I unfair in suggesting that never in the history of Canada was a greater sectional appeal made than when the policy of "co-operation ever, amalgamation never" was enunciated in Winnipeg?

Many people in this Canada of ours continue to believe that what is said by distinguished men on the platform during a campaign is Simon-pure good sense, honest conviction and truth. But are we not justified in assuming that the statement I have referred to was the one that settled the word "amalgamation" in the minds of certain honourable gentlemen for a number of years to come? Why do those who want to bring about amalgamation not use that word? "It is non grata," I heard someone say, "and therefore they use the word 'unification,' which means the same thing, though some people may not know it."

Then my right honourable friend on the other side (Right Hon. Mr. Meighen) did something that I, although I am pretty rough, do not know that I would do: he undertook to criticize and to place much of the blame upon a dead man. I am agreeing that he is right. I am agreeing that there was a squandermania running riot at a certain time. But what was the result, may I ask? Do I know, or am I entirely mistaken? We find that that squandermania was stopped, as perhaps it should have been; that there was a greater check upon it than in former times.

But what was the next step? It was the appointment of a distinguished Canadian at $30,000 a year. To do what? To bring about co-operation between the Canadian Pacific Railway and the Canadian National Railways so as to provide an up-to-date railroad service throughout the Dominion of Canada at a minimum of cost. "Co-operation ever, amalgamation never!"

Then what did we find as to the operations of that $30,000-a-year gentleman? We found, as the records will show, that that gentleman appeared before a committee of this House and when asked who were the officials appointed by the Canadian National Railways to co-operate with a like committee of the Canadian Pacific Railway he intimated that he knew the chairman, but did not know the other two members. This was after he had for many months been drawing at the rate of $30,000 a year for a prime and specific purpose. Perhaps it is not necessary to rehash some of this, but, considering where we have gone along this line of discussion, I do not think it will do any harm to bring out some of these points.

Right Hon. Mr. MEIGHEN: Mr. Fullerton is not here, and in rising I have no interest but to see that he gets justitce. Has the honourable gentleman the quotation from the evidence to show that he did not know who were on the committee which was to perform this co-operative work?

Hon. Mr. MURDOCK: My right honourable friend and I both sat in front of him and heard him say that. We both know, as other members of our committee know, that he could not give the names.

Right Hon. Mr. MEIGHEN: I do not recall it at all.

Hon. Mr. MURDOCK: Oh, well, it was well known by all.

Hon. Mr. HORNER: I do not remember it, and I was a member of the committee.

Right Hon. Mr. MEIGHEN: There has been some fermentation in the honourable member's mind since.

Hon. Mr. MURDOCK: Not at all. I and several other members of the committee were discouraged and appalled at the ignorance of a man who was paid $30,000 a year for doing certain things, and who yet did not know the names of those to whom he had entrusted that work.

Then we can pass along, possibly, to a further reference in this matter. My honourable friend from Montarville (Hon. Mr. Beaubien), as I said a little while ago, made many references to newspaper recommendations and statements. I think, therefore, that what I say will be accepted with greater appreciation by the Senate if I quote from at least one or two newspapers that stand pretty high in the newspaper world of Canada. I notice that the Ottawa Journal is cited as the most quoted paper in Canada. On the 21st of December, 1937, the Ottawa Journal had an editorial worth considering. I sent a copy of it and a copy of the reply that was made to it to my honourable friend from Montarville, before he spoke in this House. I think it is just as well to put that editorial into the record, and also the answer which came from a distinguished Canadian who ought to know what he is talking about.

The editorial reads:

How Would $75,000,000 Be Saved?

There's a fresh drive on for the unification of Canada's two railways. Day after day public men and newspapers are saying that unification would result in an annual saving

of from $60,000,000 to $75,000,000. This claim has been made—and broadcast all over Canada —twice in recent days.

The trouble is that the people and newspapers which claim such a possible saving don't tell how, or where, such a vast sum could be saved.

It is a serious omission. Certainly if this country can save $75,000,000 a year on its transportation bill—which would wipe out the Canadian National Railways deficit and give us $35,000,000 to boot—then it's up to those who make such a claim to tell us more about it.

There's Sir Edward Beatty. No one would charge Sir Edward Beatty with wrong motives, with lack of sincerity. He is a great Canadian. Yet The Journal, certainly in no captious mood, would like to ask Sir Edward a question or several questions. In one of his more recent speeches, delivered at Windsor, Ontario (we have the printed text of the speech before us), Sir Edward said:

"Estimates of the possible economies of unified management of the railways of $60,000,000 and $75,000,000 per annum were submitted in evidence to the Duff Commission by the executives of the Canadian railways."

What we should like to ask Sir Edward is this:

1. Upon what did the executives of Canadian railways, in their evidence before the Duff Commission, base their estimates of such a saving?

2. Is Sir Edward himself in possession of facts leading him to suppose that such a saving would be possible?

3. If so, what are the facts?

4. Would such a saving involve the tearing up of many miles of tracks, and, if so, how many miles?

5. In the event of the necessity of tearing up tracks, where, in what parts of Canada, would the tracks be torn up, and where would a beginning be made?

6. Would such a saving necessitate the dismissal of railway employees, and, if so, of how many railway employees—this in view of the fact that so large a proportion of railway costs are labour costs?

These, we submit, are fair questions. Our railway problem is a tremendously vital problem. Obviously, in any discussion of it, seeking its solution, reliance can't be placed on guesswork, nor on generalities, nor on hopes. Hard facts, demonstrable facts, we must have; and so it seems to The Journal that before this country can be expected to take steps towards unification of railways it must first know fairly clearly what unification would mean, how it could be brought about, what would be its probable consequence. In other words—and this must be apparent to Sir Edward Beatty, a captain of industry and business—mere unsupported assertions about savings of millions are not good enough.

Little attention need or can be paid to people, hardly railway or financial experts, who keep repeating Sir Edward Beatty's claims. But Sir Edward himself is different. He, first perhaps among Canadians, should know what he is talking about when he talks about railways. We suggest to him, respectfully, that he would do Canada a service, be fair to himself and to the public, if he would tell, roughly at least, where and how unification of railways would save Canada from $60,000,000 to $75,000,000 annually.

Fortunately, I have here the reply of Sir Edward Beatty under date of January 7, 1938. The inference as to newspaper opinion which was drawn by my honourable friend opposite (Hon. Mr. Beaubien) is inconceivable to me. Perhaps I have a brain storm, for I cannot understand what Sir Edward Beatty means by his answers. Other honourable senators may be able to understand them when they are placed after the questions which I have just read. The Ottawa Journal of January 7, 1938, published the questions and answers, together with a letter from Sir Edward, under the heading, "Sir Edward Beatty and The Journal," as follows:

To the Editor of The Journal:

Sir:—In a comparatively recent issue of your paper I noticed an editorial in which you asked that certain questions respecting the railway situation in Canada should be answered by me.

As the nature of the questions was such that they naturally followed from public statements I had made on the subject, I see no reason why they should not be replied to. I, therefore, enclose the questions with the answers to each.

I am very glad your paper is taking sufficient interest in the problem to make the enquiries which you have, and I shall be glad to furnish you with any further information you may desire.

Yours very truly,

E. W. Beatty,
Chairman and President,
Canadian Pacific Railway.

Montreal, January 5, 1938.

Sir Edward Beatty's answers follow:

1. Upon what did the executives of Canadian railways, in their evidence before the Duff Commission, base their estimates of such a saving?

Answer: The estimates furnished the executives of the Canadian railways were arrived at after careful analyses of the traffic, service, equipment, and facilities of the two railways.

2. Is Sir Edward himself in possession of facts leading him to suppose that such a saving would be possible?

Answer: Yes.

3. If so, what are the facts?

Answer: Based on a year of normal traffic volume, Sir Henry Thornton estimated possible economy of $60,000,000. Sir Edward Beatty's estimate was based on the year 1930 and showed a possible economy of $75,000,000.

4. Would such a saving involve the tearing up of many miles of tracks, and, if so, how many miles?

Answer: The economies to be derived from the joint operation and management of the two properties are not primarily dependent upon abandonment of railway lines. The major part of the savings would be possible without any abandonment. However, careful analyses indicated that there were up to 5,000 miles of

line in Canada which could be classed as duplicate or redundant. With a re-routing of traffic, some of such lines could either be abandoned or the standard of maintenance reduced in keeping with the changed nature of the traffic.

5. In the event of the necessity of tearing up tracks, where, in what parts of Canada, would the tracks be torn up, and where would a beginning be made?

Answer: As has been indicated, the tearing up of tracks would neither constitute the major nor initial step in securing unification economies. In carrying out the physical unification of the two systems, the first step would be to re-route the traffic in order to utilize the most economical facilities and secure the most efficient handling. The re-routing of traffic offers a wide scope for economies throughout the whole of Canada. After conditions had become stabilized on the route selected for permanent operation, the sections of track which should be abandoned would be clearly indicated and their elimination should be accomplished without serious friction.

6. Would such a saving necessitate the dismissal of railway employees, and, if so, of how many railway employees—this in view of the fact that so large a proportion of railway costs are labour costs?

Answer: Unified management of the two railway systems would ultimately result in a reduction of from 15 to 17 per cent in the numbers of those employed in a year of normal traffic. The number of railway employees affected at any stated time depends upon several considerations, such as whether traffic volume was increasing or decreasing, the rate at which the unification plans were progressed and the policy to be followed in regard to the employee situation. After all, the actual adjustment in labour employment will be solely dependent upon the rate at which it is decided to eliminate the present uneconomic cost of duplicate railway services. It should be possible to progress the plan of unification at a reasonable pace so as to keep the number of present employees unfavourably affected, and thus entitled to compensation, at a minimum.

These questions and answers, it seems to me, are worthy of consideration in this debate. I repeat that I am unable to understand Sir Edward's answers to the questions.

On March 9, the Ottawa Journal carried a news item from Washington under this heading:

U.S. Railroads Granted Increase. Higher rates mean $270,000,000 more to lines.

The article goes on to say that the Interstate Commerce Commission granted a $270,000,000 annual increase in freight rates to United States railroads. Why is it that the Canadian railroads have not been earning more? Is it fair to suggest as one reason that they are handling passenger and freight traffic over the far-flung distances of our country at cheaper rates than prevail anywhere else in the world? If that is so, who are getting the benefit? Are the people of Canada, business men and industrialists and all who travel and ship freight, not being benefited by these lower rates? Of course I know some people will say the rates are lower here because of our truck and bus competition, but the fact remains that the Canadian people are and have for years been beneficiaries, to the extent of hundreds of millions of dollars, through securing these relatively low freight and passenger rates.

On March 8 this year the Ottawa Journal had another editorial on the subject of the deficit of the Canadian National Railways. I know that many honourable members would like to have before them on the record the viewpoint of those who write editorials for that paper. And may I say here that I think the Ottawa Journal's summing up of a situation is usually logical and pretty nearly prefect.

Right Hon. Mr. MEIGHEN: Hear, hear.

Hon. Mr. MURDOCK: I have held that view for many years. Here is what the Ottawa Journal said on March 8 in an editorial headed, "A Fictitious Five Hundred Millions." I may say I humbly agree with this editorial. My honourable friend opposite (Hon. Mr. Beaubien) nods his head, as if to indicate that he has analysed it already. However, it will not do any harm to put it on record, so that, in years to come, other people will be able to see it when looking up arguments which have been presented by my honourable friend, and will no doubt be presented by others, for unification and amalgamation to relieve the forgotten taxpayer of the undue load he has been carrying. The editorial reads as follows:

A report to the House of Commons Thursday stated that the deficit of the Canadian National Railways is just over one thousand million dollars.

This is for the past fifteen years, namely, since the C.N.R. system was inaugurated.

The figure is a silly thing, to the extent of five hundred million dollars.

It is obtained by counting in nearly five hundred million dollars "for unpaid interest on loans advanced by the Dominion."

Is this a just charge?

We do not think it to be a just or proper charge, because the allegation applies to the Canadian National Railways a charge which is not applied to any other public undertaking or public work of the Dominion.

Public works undertaken by the Dominion Government are undertaken for the public good; and when the first cost has been defrayed, the first cost—if it does not happen to be cost of the National Railways system—is interred in the public accounts and forgotten. Interest is supposed to be paid by the public value.

For instance, the first cost of the Parliament Buildings has been in the neighbourhood of fifteen million dollars. No interest has ever been charged on that in the Government accounts. If it had been, the cost of the

Parliament Buildings, with interest compounded for seventy years, would stand in the books to-day at much more than a hundred millions.

For instance, the first cost of our national canals has been $260,000,000. If interest had been added in the Government books, the cost would be represented as far more than that.

For instance, the first cost of our river and harbour improvements has been $300,000,000. Some of the great harbours pay interest on Government loans, but a considerable part of this improvement of navigation facilities has been paid by the Government, and no account taken in the books of interest on the expenditure.

For instance, large sums for erecting post offices throughout Canada have been paid by the Government. These sums are paid and forgotten.

For instance, large sums are paid for customs houses, for armouries, for Government vessels, for penitentiaries, for experimental farms—and in no case is any item entered in the Government books for interest on the expenditure.

For instance, vast sums have been advanced by the Dominion Government in recent years for public relief ($230,000,000 to date). If interest were calculated, and added in the books, a public speaker would be able to say that relief had cost the Government, perhaps forty or fifty million dollars more than it has done.

In all these cases—except the National Railways—first cost only is listed in our national bookkeeping. The cost is undertaken to enable good public service. If the principle were followed of entering an interest charge on all such expenditure, and adding that to our statement of national debt, our national debt to-day would be presented to the world as, perhaps, a thousand million dollars more than it is.

Then why apply such a principle to the Canadian National Railways?

Part of the debt of the Canadian National Railways is owed to private bondholders. That interest must be paid; and it is a proper charge to be made against the National Railways annually; and figured as deficit when the Government has to pay it. But should the part of the railway debt that is due to the Government have interest added to it annually—and not only interest on the principal, but interest upon the interest—and alleged to be deficit, when no such principle in any other case of the public works of Canada exists?

We submit that the present system of setting forth the finance of the Canadian National Railways is a gross wrong to the National Railways, and a grave public danger.

It is a gross wrong because it hurts the National Railways in the public mind, and hurts the morale of the service. It is a grave danger; because as is possible, if there should come to be a question of amalgamation of the C.N.R. and C.P.R., the negotiations may follow a completely unjust course to the C.N.R. because of the fictitious deficit which the Government books solemnly produce.

Now I come to my honourable friend's suggestion, which I think he urged more than once, that the Senate's resolution of 1925 should be recognized and, as I understood him, made effective. I realize that the subject-matter under discussion has been considerably changed by the amendment proposed by the honourable senator from Westmorland (Hon. Mr. Black), but in any case we have been insistently told that it would be a good thing for Canada to put the 1925 resolution into effect now. I am going to read part of a speech made by the President of the Canadian Pacific Railway on March 16, 1926. That was the year after the passing of the Senate resolution, which proposed to amalgamate the two railroads and to make a first charge on the operations of the amalgamated lines an agreed dividend to the Canadian Pacific. Well, it has been said that wise men change their minds, while men of the other kind do not. Let us see what E. W. Beatty, as he was then, thought of that proposal. He said:

Nothing is more important to the successful operation of Canada's railways than fair rate schedules. Pressure is periodically brought to bear looking to the granting of rate concessions on grounds of national or local interest, and I fear that many Canadians feel that difference in the character of ownership of these railways involves a difference in attitude towards the matter of adequate revenues. The only existing problem respecting rates is their reasonableness and freedom from unjust discrimination.

And a little later on he said:

I hope I shall not live to see the day when Canadian railways are nationalized, because I would regard the nationalization of these huge properties, without competition and politically influenced in their administration, as would inevitably be the case, to constitute the greatest political and commercial menace this country could possibly experience. As conditions are, there is no sounder nor safer principle than that laid down in the letter and spirit of the Railway Act.

But just a few months ago, on November 27, 1937, I was at a meeting of the Canadian Club of Ottawa, in the Chateau Laurier, and heard Sir Edward Beatty make a splendid speech, from which it appears that he has materially changed some of his views. He was dealing with the average citizen, and in the course of his remarks said:

Or take my own pet subject, the railway question. For some years I actively advocated the unified operation of our two great systems. I do not any longer. I merely point out that unification is inevitable, and while others produce endless reasons for delay, no one any longer denies this.

We have too much railway transportation in Canada, and as a result we have a great publicly-owned system operated at a tremendous loss and a great privately-owned one operated under serious handicaps.

I have pointed out that unified operation, handled wisely and carefully, could lessen the loss to the taxpayers, give a fair deal to private investors, and actually improve and cheapen railway service. I have pointed out that this could all be accomplished without

real hardship for anyone, and that railway workers would, in the end, benefit by this rationalization of their occupation.

The average citizen meets the suggestion with excessive optimism and excessive pessimism. He takes refuge behind the "half truths and distorted statements" of those who assure him, in face of overwhelming evidence, that three billion dollars of public railway debt do not matter and that the railway which did not pay its way in 1928 will do so in 1938—or 1948, or 1958. The next moment he plunges into gloom, and asserts that although he realizes that something can and must be done, no Government dare face the issue.

A moment ago I quoted, in part, what the president of the Canadian Pacific Railway said on this question in 1926. May I state what I conceive to be the cause of his recent change from that position? I think it will be found in the fact that for five years, from 1926 to 1930, inclusive, the Canadian Pacific Railway paid in dividends $167,106,388 and its net earnings for the same period amounted to $217,548,352.

Let us see what this great privately-owned railway did for its shareholders during that period. In 1926 it paid $30,005,944 in dividends. That was commendable and greatly to the advantage of Canada. In 1927 it distributed a similar amount of dividends. In 1928 the shareholders were a little better off, and we can congratulate Canada and also those to whom the company paid dividends aggregating $33,421,180. In 1929 net earnings were still higher and the company paid out $35,424,790 in dividends. In 1930 we find the company still doing nicely by the shareholders, paying them $38,248,530. In other words, the company in those five years paid its shareholders more than $167,000,000 in dividends, with net earnings for the same period of more than $217,000,000.

Now, may I again express my approval of the concern of the honourable senator from Montarville for the forgotten taxpayer of Canada. But, while doing so, let us see where this enormous sum of $167,000,000 went to in the five years from 1926 to 1930. The Annual Report of the Canadian Pacific Railway Company for the year ending December 31, 1930, shows that at that time the stock, ordinary and preference combined, was held in these percentages: 58·11 per cent in the United Kingdom, 13·20 per cent in Canada, 22·81 per cent in the United States, and 4·87 per cent in other countries. Is it not fair to assume that one reason for the rumblings of discontent and the disparagement of Canada and things Canadian which have originated in Great Britain since 1930 is that Canadian Pacific shareholders there were not getting their dividends in anything like the measure to which they had become accustomed between 1926 and 1930? The percentages which I have read would lead one to wonder whether there is really a "Canada-first" and "forgotten-taxpayer" view behind the proposal to amalgamate or unify the two great railway systems of Canada, contemplating, as I understand, discontinuance from their jobs of from 15,000 to 17,000 employees, and abandonment of some 5,000 miles of Canadian National lines. It is only fair to state, with great regret, that after 1930 the Canadian Pacific Railway Company largely discontinued these substantial dividends. Again I wonder if this discontinuance caused the demonstration of resentment overseas to which I have referred.

May I refer to the earnings of the Canadian National Railways, the railway system that, we have been told, has put us so deplorably in the hole right along? I have received from the Bureau of Statistics a preliminary report of statistics of steam railways, and also copies of the Canadian National and Canadian Pacific reports for 1935. Any average railroad that had not been unfairly loaded down with debt would regard itself as doing pretty well if it could show a record comparable with that which I am about to present. I am taking the annual net operating revenues from 1923 to 1936 of both the Canadian and the American lines of the Canadian National system. They are as follows:

1923	$21,123,544
1924	17,974,621
1925	33,121,450
1926	47,420,961
1927	41,573,851
1928	54,859,572
1929	41,864,705
1930	22,080,975
1931	1,192,167
1932	5,895,433
1933	5,707,183
1934	12,966,423
1935	14,258,253
1936	15,132,799

I am sure that my honourable friend will regard those net earnings as entirely insufficient under the circumstances.

Hon. Mr. BEAUBIEN: They are not net earnings. They are earnings from operation, which are not the same.

Hon. Mr. MURDOCK: Yes, they are net earnings from operation. I have presented those figures to meet my honourable friend's point that the earnings are entirely insufficient. Why? One important reason was mentioned in the Standard editorial which I have already quoted, namely, that my honourable friend, and others just as enthusiastic, maybe more so, had by every means at their command

been trying to impress upon the Government the necessity of buying this, that or the other railroad property.

I desire now to comment on certain statements made by my honourable friend in his speech of March 2. He stated that the Canadian people are the most indebted and the most taxed in the world. Apparently no statistical authority agrees with my honourable friend.

Hon. Mr. BEAUBIEN: Excuse me. I said per capita—per head of population.

Hon. Mr. MURDOCK: All right. The effect is the same.

Hon. Mr. BEAUBIEN: Oh, no.

Hon. Mr. MURDOCK: The statement implies that the Canadian people are the most indebted and the most taxed in the world, and he says now "per head."

Hon. Mr. BEAUBIEN: I said so at the time I made that statement.

Hon. Mr. MURDOCK: All right. Is this statement correct? The net debt of Canadian federal and provincial governments and municipalities in 1935 is shown by the 1937 Canada Year Book as $6,786,869,473. This includes principal and interest guaranteed on railway and other securities.

Hon. Mr. BALLANTYNE: Is that the federal debt, or does the figure include provincial and municipal debts?

Hon. Mr. MURDOCK: The figure covers Canadian federal and provincial governments and municipalities.

Hon. Mr. BALLANTYNE: In all $9,000,000,000, are they not?

Hon. Mr. MURDOCK: With a population of 10,935,000, the debt works out at $621 per capita. I am afraid my honourable friend will have to thresh it out with somebody who knows more about statistics than I do. The public debt alone of Great Britain for 1935 is shown in the 1937 World Almanac as £7,800,565,000. At the rate of $4.90 to the pound sterling, this works out at approximately $38,000,000,000. The population of Great Britain being 46,000,000, the public debt alone would be $830 per capita.

With regard to taxes, Current History for May, 1936, contains a comprehensive analysis of taxes in the United Kingdom, France and the United States, based on unimpeachable authority, which shows that for the year 1934 the total annual taxes per capita in these countries were: Great Britain $93.45, United States $78.14, France $75.80. The Canada Year Book for 1937 shows our federal, provincial and municipal taxes for the year 1934 totalling $662,000,000. With a population of 10,824,000, the total taxes per capita work out at $61.16.

Hon. Mr. BEAUBIEN: In 1934?

Hon. Mr. MURDOCK: Yes. The figures for Canada from the Canada Year Book, 1937, are the latest available. The figures for the other countries have been taken for the same year.

My honourable friend also stated that the nation's weariness is growing, and, unhappily, its credit on the money markets of the world is weakening. Canada's credit in the money markets of the world is exemplified by the value placed upon its securities. Dominion Government long-term bonds sell in the money markets of the world at prices yielding a return to the investor which is the lowest in many years. There is no sign here of any weakening of Canada's credit.

Just how a country can suffer in the money markets of the world when it is a net exporter of capital is not clear. For several years past the balance of payments between Canada and the rest of the world has shown Canada to be on the credit side of the ledger. In 1936 Canada exported $253,000,000 more capital than she imported. The fact is she has been reducing her capital debt to other countries, instead of increasing it by further borrowing.

Now I quote from the report of the Dominion Bureau of Statistics on international balances for 1937:

> It is almost correct to say that Canada is amortizing her foreign debt at a rate of between 3½ and 4 per cent per year . . . Capital goods which were created in former years are paying returns and the surplus production as compared with consumption is permitting a gratifying reduction in foreign indebtedness. The results suggest that, on the whole, former investment in Canada has been sound.

A goodly portion of the foreign debt formerly incurred was for railway construction. It is interesting to note that when the whole national economy is taken into account the result has been successful. The incidence of railway costs must not be confused with the true value of railway services. Much of the cost shows up in the Canadian National deficits and in the interest charges on Government issues. The benefits accrue to the producers and merchants, and it is only by striking a national balance sheet that the effect can be ascertained. There is a wide variance between the actual facts and the statements of my honourable friend (Hon. Mr Beaubien).

Third, my honourable friend said that the Canadian National Railways continue to mulct the public treasury to the tune of $40,000,000 for deficits, and at least $75,000,000 for lost interest on more than $3,000,000,000 so far invested by Canada in its railways.

The true deficit of the Canadian National Railways arises purely from interest on capital. There is no operating deficit. Instead, there is an operating surplus. The items used to build up large annual losses present only one side of a balance sheet. The other side of it, which is never mentioned, consists of the aid extended by the railway in developing the country. As has been demonstrated, such investments have on the whole been profitable. By the same method of bookkeeping, that is, by looking at only one side of the matter, the advances made to the Canadian Pacific Railway by governments, in the form of cash, land grants and railways already constructed (totalling $250,000,000), would, if interest were charged thereon, amount to approximately one and one-half billion dollars, which represents a loss to the people of Canada. Anyone who would take such a view would be regarded as a poor Canadian, because the Canadian Pacific Railway, in benefits to Canada and Canadian institutions, has more than trebled the advances made to it by way of loans or for any purpose.

Now let us turn to the report of the Bank of Canada presented at its third annual meeting of shareholders, on February 22, 1938, which contains a statement about the Canadian dollar in 1937. It says:

> Turning to the foreign exchange situation, it should be noted that fluctuations of the Canadian dollar against both the United States dollar and sterling, were narrower even than in 1936.

The report states that whereas the Canadian dollar, as against the pound sterling, maintained practically a 4 per cent adverse variation in 1936, this was reduced to slightly better than 3 per cent in 1937.

The report continues:

> Preliminary estimates of Canada's balance of international payments for 1937 show a reduction in our favourable balance on current account from $324,000,000 in 1936, to $217,000,000. The drop of about $100,000,000 occurs in the merchandise item, and is almost entirely attributable to a fall in the export of grain. This is partly due to the fact that the wheat crop last year was the smallest since 1914, and partly to the fact that in 1936 we were liquidating heavy wheat stocks.

Item No. 4. My honourable friend says that to let the Canadian people bleed to the extent of $100,000,000 a year, to do nothing to save its life-blood, would be gross, callous, heartless indifference.

No doubt the intention is to set against the $100,000,000 the $75,000,000 economy. But has Sir Edward ever said what portion of the $75,000,000, if it were realized, would go towards the support of the Canadian National? Remember that most of this $75,000,000 is to be obtained by reduction in service, the abandonment of lines and a general dislocation, all of which would have a profound bearing upon industry and development in the communities affected. It would be a sad state of affairs if all this grief were laid upon the citizens of the country and the only financial relief they got, to apply against the $100,000,000, were but a fraction of the financial result, whereas the Canadian Pacific Railway Company had secured a virtual guaranteed return on their securities and stood a good chance of obtaining the lion's share of whatever was left over. Relief from the financial burden, if obtained in this manner, would be very expensive.

Now we come to item No. 5. In his speech of March 2 my honourable friend (Hon. Mr. Beaubien) implied, I think, not once, but repeatedly, that the solution of this great trouble lies in the Senate resolution of 1925.

Both the solution suggested by the Senate in 1925 and Sir Edward Beatty's plan for amalgamation or unification received a very thorough study by the Royal Commission on Railways and Transportation in 1931-32. It was the unanimous opinion of this commission, which numbered amongst its members leading judicial, railway and financial experts of Canada, Great Britain and the United States, that neither of these plans was a solution. But some people will still be ready to try anything once.

Item No. 6. It was stated that economic experts of the two systems had estimated the saving from this plan at sums ranging from $56,000,000 to $75,000,000 per year.

I think my honourable friend referred to $75,000,000 plus $40,000,000 on one or two occasions. The proponents of amalgamation or unification always stress the savings in railway costs. These may well prove illusory, as has been demonstrated by the experience in Great Britain, where the railways were consolidated into four railway systems, but the anticipated large-scale economies did not result. Little or nothing has been said of the damage to the national economy through the widespread abandonment of railway lines and services in Canada.

Economies obtained by reduction in essential or desirable services are not true economies, but are backward steps in the development of the country. Why the railways should be singled out for such treatment is

not clear when apparent duplication is to be seen everywhere—in banks, paper mills, highways, canals, steamships, educational institutions, hospitals, etc. Theoretically, tremendous economies could be achieved by the elimination of such duplications, but no sane person would expect the estimated savings to be realized. Consolidations and planned economies have ever been held out as offering great opportunities for reduction in expenses, but when tried, whether in the field of private enterprise or on a national scale, the results have been far from satisfactory. Expected economies are elusive, and the student begins to perceive that there is something fundamentally wrong with the premise that mere size and centralized control are capable of effecting large-scale economies.

Then we come to item No. 7. My honourable friend says of Sir Edward Beatty's advocacy of the plan:

> Everyone must admit, I think, that in his several utterances Sir Edward Beatty has been as fair and frank as he has been forcible and convincing.

Sir Edward as an advocate has had a pretty clear field. Constant repetition may sound convincing. So far he has spoken in broad generalities, but has given little in the way of information as to how his plan would affect the national economy. In this connection I would refer my honourable friends to the letter dated January 7, 1938, written by Sir Edward Beatty to the Ottawa Journal, to see whether in it they can find anything concrete, definite or conclusive. It would be asking too much of Sir Edward to expect him to do otherwise than plead for his employers, namely, the board of directors and shareholders of the Canadian Pacific Railway and for the employees of that line.

I come now to item No. 8 of my honourable friend's speech of March 2. He said:

> The bogey of a huge and oppressive monopoly has been dispelled by the policy adopted in Great Britain of consolidating its railways, and the measures about to be carried out by the United States for a similar purpose.

Apparently my honourable friend is not conversant with railway conditions in Great Britain and the United States. In Great Britain there was a consolidation into four large systems, each of which is operated independently. In the United States various plans have been advanced for the consolidation of railways, but any plan seriously studied involved the maintenance of competition. In the case of neither country is there any question of railway monopoly, except that in the United States there has been some talk of Federal Government ownership of all railways.

Item No. 9. My honourable friend says:

> Nobody now believes that under unification sections of the community would be left without railway service. Sir Edward Beatty, time and again, has affirmed that this was unthinkable.

This is a good example of the insidious propaganda in favour of unification. I do not say that to my honourable friend in an unkindly way, but it is a fair example of what we are hearing all over the country. To say that we can abandon 5,000 miles of railway without depriving any community of railway service is ridiculous. There are a few cases where the Canadian Pacific closely parallels the Canadian National, but the extent of these is small and the duplication can be eliminated by co-operation between the two companies without sacrifice of the communities served. Incidentally a large part of this duplication occurs in Ontario, where the Canadian Pacific duplicated lines already constructed by the Grand Trunk Railway.

May I cite from the Iola, Kansas, Register, an article entitled, "When a Railroad Quits," to show the results that follow abandonment? It says:

> In 1933 the Milwaukee railroad abandoned its branch line between Sioux City, Iowa, and Wynot, Nebraska, a distance of about 50 miles. The abandonment was made necessary by truck competition, which had caused the railroad to carry on operations on the branch line at a substantial loss for some time. The trucking concerns serving the area assured interested townspeople and farmers that they could entirely fill any transportation need. This claim was taken into consideration by the Interstate Commerce Commission in permitting the abandonment. Here, according to the Minnesota Grain and Feed Review, are some of the results:
>
> "First grain shipped from the affected area to Sioux City, thence to be sent east, was carried by railroads at 3 cents a bushel. To-day the rate is 10 cents a bushel. In the days of the railroad, coal was laid down in the farthest town on the branch line for 20 cents a ton. To-day the truck rate to close-in points is $2 a ton. Real estate values in the railroad-less area are at new lows. Town homes that cost $4,000 cannot find buyers at $500. Farm values have dropped from 50 to 75 per cent. The branch line railroad paid $28,000 each year in taxes to local units of government. That sum has now been shifted to the remaining taxpayers.
>
> This is no argument against trucks, in their proper field. It simply illustrates the fact that those who think an area can get along without the railroad don't know what they're talking about."

Then we come to item No. 10. My honourable friend says:

> Our $3,000,000,000 railway investment is not only totally unproductive of interest; it increases by an average of more than $100,000,000 a year.

The investment in the Canadian National Railways may be "unproductive" from the standpoint of cash dividends to financial interests, but to say that it is "totally unproductive" is to display ignorance of what the Canadian National has done and is doing for the country as a whole. Nearly one-quarter of the entire population of Canada are dependent solely upon the Canadian National for rail transportation. Only about 10 per cent of the people of Canada are not served by the Canadian National. Mining development during the last ten years has been very largely in territory which was developed, and is now served, by the Canadian National, and includes such well-known producers as Noranda and Flin Flon. The Canadian National originates more newsprint and pulp than any other railway on the continent. It is not, as some of the critics claim, a "dead horse." It is a vital and essential factor in the development of the natural resources of Canada. Its dividends are not directly distributed in earnings from the railway, but are in the form of income to the people of Canada through wealth production of the country.

Item No. 11. My honourable friend, at page 39 of Hansard of March 2, quoted at considerable length Professor Leslie T. Fournier of Princeton University. He informed us that the Professor lectures at Princeton on transportation, public utilities, government and business. The honourable gentleman read from what he described as a series of remarkable articles in the Financial Post of January, 1935, written by Professor Fournier, which were said to be a complete and exhaustive study of the subject-matter of railways. Here again we have a remarkable illustration of the truth of the old adage, "Wise men change their minds; other men never." Professor Fournier would appear to have undergone a remarkable change of mind on the railway situation since January, 1931. As evidence of this fact I quote the following extracts from the Journal of Political Economy of June, 1931. First, from pages 369 to 370:

. . . In this paper it is proposed to analyse the success of Canada's venture in the field of business. From the standpoint of future development and administration of her railroads, she is in a particularly enviable position. . . . Similarly, the present administration of the Canadian National has gained the confidence of the Canadian people and their national government. Under very difficult conditions it has rendered an efficient and progressive railroad service. Thus the railroad situation in Canada presents the interesting spectacle of two systems, representing widely different principles of ownership and paralleling each other from coast to coast, operating in active competition for traffic at all the important centres of business. It is a competitive rivalry which has proved to be both fair and stimulating to each railroad, with attendant simplification of the problems of railroad regulation. . . . Since its organization in January, 1923, its destinies have been guided by Sir Henry Thornton, under whose able leadership the difficult task of unification and co-ordination has proceeded with remarkably good results.

Then, from pages 381 and 382:

Although the foregoing analysis indicates continued and progressive achievement by the Canadian National, it is probable that this is little realized outside of Canada, except by close students of railway affairs. The chief reason for this lies in the fact that the income statements of the system continue to show large net deficits. Yet in the main, these deficits are the heritage of the period antedating government ownership of this system of railways. A financial history of the Canadian National gives ample demonstration of this fact.

And from page 389:

The foregoing analysis of the operating and financial results of Canada's railways shows that, given proper conditions, a state-owned railroad can be operated as economically and efficiently as a privately owned system. Yet the factors which have contributed to the success of Canada's venture into the field of business are present in a combination not often found or easy to create. In the first place, the Government was fortunate in securing the services of a practical railway man who was sufficiently forceful to demand and obtain a policy which eliminated political interference. This essential requirement of success was facilitated by the wise policy of incorporating the Government railway properties, and putting them under the administration of a board of directors, essentially as in the case of a private railroad. Finally, the Government system has had to compete with a strongly entrenched private system, enjoying a reputation for efficiency and sound management, unexcelled in the railway world. That the resultant rivalry in service has been beneficial to both systems and to the public is well recognized by the Canadian people.

That is a good deal different from what my honourable friend placed on the record on March 2 when he was quoting Professor Fournier. Of course, we cannot deny the Professor the right to change his mind and to hold views to-day entirely different from those he held in 1931.

Here is item No. 12 of my criticism of my honourable friend's remarks of March 2. With respect to the annual saving by joint managership of the two systems, he thought $8,000,000 would be saved by the doing away with 4,000 to 5,000 miles of railway. He also believed that joint managership would permit of dispensing with 26,000 railway employees, at an average wage of $1,700 a year, which would mean an annual retrenchment of $44,000,000.

Nothing was mentioned by my honourable friend about the disturbance to industry, whether it be manufacturing, lumbering,

farming, mining or anything else, which would result from the abandonment of from 4,000 to 5,000 miles of railway. Sir Edward Beatty said this was a minor factor. Such uncorroborated evidence, particularly when it is made by one who, I think it is fair to say, is for obvious reasons an advocate of a policy, can hardly be accepted as proof.

The statement regarding the average annual earnings of railroad employees is typical of the errors made by many persons who favour unification. The average wage is not $1,700 a year, a fact to which I drew my honourable friend's attention when he made the statement. On March 5 I received the following letter from the Dominion Bureau of Statistics, under the signature of Mr. Coats, Dominion Statistician:

I am enclosing our Preliminary Report on the Statistics of Steam Railways for 1936, and would refer you to pages 8 and 9 for a statement of railway employees and their earnings. From this you will see that there were 132,781 employees, whose total earnings were $182,638,365, or an average of $1,375 for the year. Marked copies of reports on the Canadian National Railways and the Canadian Pacific Railway are also enclosed.

My honourable friend will please not forget that among the figures which went to make up the total that averaged $1,375 for all employees, were some salaries very much larger than that average. Included in the 132,781 employees are 585 executives whose average daily wage is about $19.50, and 896 division officers whose average daily wage is about $10.50. There are also included, of course, many other classes whose average is greater than $1,375 a year. My source of information is the Dominion Bureau of Statistics, and I judge that it is accurate.

I am sure that many honourable members are tired by this time, as I am. But I want to go on, because—I do not know whether I am mistaken in this—I rather think that I am stating some things that should be stated in this honourable House in connection with our whole railway situation. It has been suggested that only too often honourable senators may be somewhat diffident about telling the plain, unvarnished truth as to some of the things which are under discussion here. If that is so, it is time that concrete facts were given in connection with the other side of the railway question, which my honourable friend and others who favour his views will not give us. So I crave the patient indulgence of honourable members for a little longer, while I make what appear to me to be some points against railway amalgamation in Canada.

1. The subject of amalgamation was fully discussed before a royal commission composed of outstanding men—the best men that Canada, the United States and England could furnish. All the arguments pro and con were studied. Mr. Beatty's plan and many others were considered, but rejected for good and sufficient reasons. The Government having had the good sense to submit the case to an expert commission by whom the subject could be and was studied critically, dispassionately and exhaustively, it seems foolish to rehash the arguments at this time, after the commission's report has been made. The commission's findings were arrived at more than five years after 1925, yet my honourable friend urges us to endorse the proposal which the Senate in that year thought would be a cure-all.

2. The arguments of those in favour of amalgamation are, to say the least, tinged with self-interest. The watchwords of the proponents of amalgamation are "Save Canada," and "The forgotten taxpayer." The fact that, if their proposal were carried out, one result would be to line the pockets of Canadian Pacific shareholders is not mentioned. May I point out here that 58·11 per cent of those shareholders live in the United Kingdom and 22.81 per cent in the United States? Yet "Save Canada" is the argument.

3. Properly speaking, there is no railway problem in Canada. There is a financial problem. The history of railways in all countries shows that in the development stage railways cannot be made to pay: either they must receive assistance or they go bankrupt. The Canadian Pacific itself is no exception; it obtained enormous free aid from the Government, and then, as is well known, barely squeezed through by means of further aid in the form of government loans. A study of railroads in the United States, west of the Mississippi river, shows that in their development period three billion dollars of capital was wiped out by receivership.

In the case of the Canadian National system, aids from the Government were largely in the form of guarantees, which were no solution of the financial problem. The Canadian National, therefore, stands alone in not having obtained financial improvement either by free gifts or by capital reduction through receivership. I agree that the big, square and manly thing was done in not repudiating debts and useless appendages. If the United States or England or any other country in the world had been faced with the situation that faced us in 1921 or thereabouts, receiverships would have resulted. By that means we could have avoided paying interest on bonds and other

securities, but, as I say, we did instead the square and honest thing. The whole burden of the Canadian National, therefore, shows up. If the Canadian Pacific had been aided in the same way in its early days, and the same method of keeping accounts had been followed, that railway would inevitably have gone bankrupt. Similarly, if the roads west of the Mississippi river had been denied the relief of receiverships, they never would have been solvent. Canada has a magnificent set of railways and enjoys the cheapest transportation of any country in the world, but this fact is obscured by the distorted financial set-up of the Canadian National system.

4. Advocates of amalgamation do not say anything about fixed charges, but fixed charges are the only things wrong with the Canadian National system. During the last decade the Canadian National has paid all its operating expenses and, in normal times, reasonable fixed charges. Mr. Beatty himself admitted before the royal commission that "no private corporation could assume the enormous obligations which the Government railways are under. If it did, the project could never be made to yield a profit and the company would find itself unable to finance the undertaking." These charges must remain a burden inherited from the past. They are a charge against the development of Canada, and will be justified by that development.

5. A fundamental fallacy underlies estimates of economies from amalgamation, the same fallacy that underlies any planned economy which ends up in a monopoly. It is assumed that the efficiency of administration which was created by competitive conditions would be continued under the new monopolistic conditions. The lessons of history are all against this. Without the competitive spirit, organizations become lax in their administration and in the performance of their duties; nepotism creeps in; employees become perfunctory in doing their work. All this results in increased expenses which quickly negative the theoretical economies. A drop in efficiency of only 10 per cent per man wipes out the economies.

6. The public is misinformed as to the extent of economies possible from amalgamation. The estimates which are being bandied about just now were made when the present reductions in wages and prices of materials and in traffic had not taken place to any considerable extent. Even the most dramatic programme of elimination of duplicate facilities, lines and services at the existing level of traffic, wages and materials, could not produce a saving of more than $15,000,000 a year.

7. The estimates of theoretical economies from amalgamation prepared three or four years ago would have to be discounted if applied to-day, because during the depression the railways have learned many lessons in economy. Each economy reduces the operating expenses and makes it much more difficult to get further juice out of the orange. The Canadian National, for instance, has reduced its operating expenses from the 1928 level by some $110,000,000 a year. I want my honourable friend to get that, and I will repeat it. The Canadian National has reduced its operating expenses from the 1928 level by some $110,000,000 a year. Part of this reduction is owing to reduced traffic, wages and prices, but much of it is on account of increased efficiency.

8. There is a lack of perspective in dealing with amalgamation. Suppose you owned a factory and somebody came and said, "I am so-and-so, and if you will give me complete charge of your factory, let me tear these machines out of here and put them there, let me do all sorts of drastic things just as I see fit, I can save you ten per cent of your yearly turnover," you would chase him out of your office, for no man would take such desperate risks for such a small percentage of gain. Well, that is just about the case with respect to railway amalgamation. The hypothetical figures of estimated economies are large because we are dealing with huge enterprises, but when the figures are stacked up against gross railway turnover they become relatively so small that one wonders whether the theoretical gain is worth all the risk.

9. It would require some five to ten years to effect a physical amalgamation of the two properties. Therefore, little financial relief could be expected during the depression. Before the depression Canada had shown herself capable of supporting both railway systems and had enjoyed excellent and cheap transportation—the cheapest in the world, in fact. The Canadian Pacific paid $167,000,000 in dividends between 1925 and 1930, and the Canadian National was going along pretty well, making $52,000,000 over and above operating expenses. When the depression is over and rail revenues increase, the railway financial problem will disappear and both roads will be even more prosperous than before, by reason of the lessons in economy learned during the depression.

10. So long as the depression continues the country would obtain a very disproportionate share in the net economies from amalgamation. Approximately half of the net economies

would go to benefit Canadian Pacific shareholders. The other half would not represent a net gain to the country, because those displaced from employment in the railways would simply add to the unemployed ranks and either eat up their savings or go on relief at subsistence level. Subsistence level costs represent, on the average, one-third of normal production, and since all the economy in the last analysis is labour, the country's share of the net economy would be approximately $\frac{1}{2}-\frac{1}{3}=\frac{1}{6}$; so that if an apparent financial economy of $5,000,000 resulted, the Canadian Pacific shareholders—mostly foreigners —would obtain $2,500,000 approximately, and the country would net about $800,000.

11. Economies on the scale contemplated can be obtained only by the most drastic treatment. Railways in toto make up the very warp and woof of the productive economy of Canada. The abandonment of services and of lines and the dislocation of railway terminals and of shops, etc., would throw hundreds of millions of private capital into jeopardy. That which appeared as an economy in the railway figures, even if it were realizable, would show up as a loss to the lumberman, the miner, the merchant and the financial houses holding mortgages and industrial loans. The railway financial problem would not be solved; only the incidence of the burden would be changed.

12. From the national standpoint it is unsafe to abandon railway lines. The economy is small, because the investment cannot be recouped, and all that can be saved is minimum maintenance and operating expenses. which do not amount on the average to more than $1,500 a mile. We have many illustrations of how unwise a line-abandonment might be. Take for instance the National Transcontinental: it has been justified by the mining development in Northern Quebec, to say nothing of agriculture and lumbering interests; yet this line had been properly damned. The recent discovery of minerals along the Canadian National line between Nipigon and Long Lac is another case in point. Canada is a young country and its potentialities are largely unknown. Railways are essential to our devolepment, and, once they are built, we should be very chary of tearing them up.

13. The economic disturbance in the country due to labour displacement has to be considered. Those who advocate amalgamation sweeten the pill by saying that pensioning and deaths will take care of the situation. Nothing is said of the vast army of skilled railway workers who are on furlough and who look to increased business to give them re-employment. To adopt drastic measures when business was picking up would mean that these men would have to remain unemployed. The betterment in the financial picture would be only apparent, for the financial burden would reappear in the army of unemployed railway employees, and this would act as a brake on business improvement.

14. Amalgamation would invite the dangers inherent in monopolies. "The public be damned" attitude would be revived. Transportation service would be supplied, not in the form desired by the traveller or shipper, but when and how the railway saw fit to supply it. The experience of a Canadian Pacific Railway monopoly in Western Canada in the early days would be repeated on a nation-wide scale.

15. An attempt to avoid the dangers of monopoly by strengthening the hands of the Board of Railway Commissioners would produce a bureaucracy. Authority would be divorced from responsibility. This would weaken the hands of the management, tend to transfer administrative details to the bureaucracy, and hasten deterioration of the efficiency of the enterpise.

16. It is a fallacy to look to motor-truck competition to keep a consolidated railway enterprise "sweet." Transportation economists agree that the railways must remain the backbone of land transportation. Because of excessive distances and climatic conditions, not more than from ten to twelve per cent of the total transportation in a country such as Canada can ever be performed by motor vehicles.

17. Amalgamation might well lead to labour difficulties. Attempts by the management to enforce economies would cause the men to band together for the common purpose of protecting their employment. The development of the "go slow" principle would be inevitable, and since much of the work of railway employees is of necessity carried on unsupervised in detail, it would be extremely difficult, if not impossible, to check rising expenses brought about by deliberate slowing up.

18. Labour troubles would in all probability result in the establishment of a permanent railway labour board which would fix the rates of wages and the terms and conditions of employment. This would be another bureaucracy hampering the management, for the board would be ineffective unless it interfered in the details of administration.

19. Amalgamation would result in so large an industrial organization, with all its ramifi-

cations, that its huge size would make efficient administration difficult. The present depression has exploded the idea of supermen.

20. Another manifestation of monopoly would be failure to keep abreast of the times. A railway, to be efficient, has to be continually modernized; otherwise stagnation results.

21. For the Canadian National to go into partnership with the Canadian Pacific Railway means two things: (a) To all intents and purposes, a guarantee on the part of the Government of Canadian Pacific fixed charges. That is what the honourable senator's motion means.

Hon. Mr. BEAUBIEN: No. I deny that.

Hon. Mr. MURDOCK: (b) A sharing of all future earnings with the Canadian Pacific. With regard to (a), Canada has surely had enough experience in guaranteeing railway securities, either directly or indirectly. With regard to (b), the Canadian National Railway system is potentially a much more valuable property than the Canadian Pacific. It is better located, has better grades, and has much greater chance of expansion in earnings. The proposition is, "Heads I win, tails you lose," with Canada on the short end. If amalgamation were tried and found wanting, the Canadian Government would be burdened with the Canadian Pacific fixed charges, because the properties could not be unscrambled, and the whole mess would be left on the Government's doorstep. If amalgamation were tried and proved successful, then the Canadian Pacific would enjoy, scot-free, the profits from the development of the greater potentialities of the Canadian National Railways, for which the people of Canada have already paid.

22. Its net earnings of the last ten years do not provide a fair criterion of the earning capacity of the Canadian National Railway system, and amalgamation with the Canadian Pacific on the basis of such results would be disadvantageous to Canada and advantageous to the Canadian Pacific, whose shareholders would divide a nice melon. This would result from two factors: (a) Greater potentialities of the Canadian National Railways as already mentioned. (b) During the last ten years the expenses of the Canadian National have been burdened with large amounts representing the renovation of a property bled white by previous owners in an attempt to avoid bankruptcy. The true earning power of the Canadian National has, as yet, been untried.

23. The Canadian National system has tremendous earning possibilities. It has to its credit a demonstrative performance, its net revenue amounting to $56,000,000 in 1928, notwithstanding that it carried the burden of at least 10,000 miles of relatively unproductive lines built in advance of requirements. If anyone has faith in the future growth of Canada he may have a certain expectation of vastly improved earnings for the Canadian National Railways.

24. Amalgamation, instead of removing the railways from politics, would be the most certain way of making them a permanent political issue, on two scores: (a) The public would be forced to organize politically against monopolistic tendencies. (b) The employees, having an undivided interest, would form a railway political bloc of formidable proportions.

25. A period of depression is no time to try rash experiments which may end disastrously. There is an old proverb about the danger of changing horses in mid-stream.

26. A serious objection to amalgamation is that it is an irrevocable experiment. The mixing of two gigantic enterprises, representing from three to four billion dollars of capital, and, in normal times, two hundred thousand employees, into one vast melting pot is a colossal experiment, but, once made, the decision is irrevocable; once the organizations are scrambled they cannot be unscrambled, and if a mistake were made, Canada would have a pretty mess on its hands.

I am sorry, honourable senators, to have taken up so much time, but I think that the information I have placed before you should be made known to the country. I shall not detain the House much longer. My honourable friend (Hon. Mr. Beaubien) is watching the clock; if there is a train to catch I will excuse him. I shall not feel hurt by his withdrawal. He can later on read what I am about to say.

I have before me an economic study and report on the St. Lawrence Ship Channel, considered and adopted by the Quebec Board of Trade and by various other bodies mentioned therein. May I suggest that this report is prepared with a view of disparaging the port of Montreal and boosting the great port of Quebec? Let me quote:

> The cost to Canada to provide Montreal with a thirty-foot harbour is, therefore, at least $240,000,000, to which must be added untold and unknown millions provided through different Government departments, from time to time, for various undertakings and work directly and indirectly connected with the channel and harbour, etc.
>
> This huge expenditure cannot be justified to the people of Canada in view of the close proximity of the port of Quebec, with its huge deep-water harbour at sea level.

It is the universal practice of those countries of the world where similar costly channels or canals exist, to levy a tonnage toll or tax sufficient to defray the interest charges, thereby relieving the Government exchequer and the taxation of the people.

It is now proposed that the Government of Canada be asked to provide an additional expenditure of $50,000,000 to $100,000,000 to assure Montreal of a definite and reliable 35-foot harbour.

I do not desire to intervene at all in the dispute between Quebec and Montreal. I cite this merely to ask in whose interest the expenditure on the harbours of Quebec and Montreal has been made. In whose interest has the harbour development at Fort William and at various other ports been made? Has it not been in the interest of the business man, the shipper, the grower, the miner, the farmer and others? Have they not in driblets, by way of reduced freight and passenger rates, received the benefit of the wonderful improvements that have been made? If that is so, why all this clamour against the Canadian National Railway system, which for years has been giving service at low cost to the farmer of the Western Prairies and to the lumberman and the miner of Northern and Western Ontario? All those who have anything to ship are getting service below cost. That has been conclusively proven. Why come along now and run the risk of stopping the whole business by bringing about an amalgamation, the fundamental and prime purpose of which is to pay dividends to citizens of the United Kingdom, the United States, and other places, and to make the Canadian people in all walks of life carry the load?

In conclusion may I say this? In connection with the review of the railway question in Canada, and the charges now in evidence against the Canadian people, we are surely not doing complete justice unless we undertake to assess that which Canada owes to the railroads. It is probably not far-fetched to remind ourselves that many of the influential business and industrial captains of Canada would doubtless have been in a much less favourable financial position than they now occupy had they not had the benefit of railroad service, and other help brought to them by the railways. It is true that the transportation problems of Canada have changed and are changing. It is true that the bus, the truck and the aeroplane are encroaching, to a greater or less extent, upon the services formerly rendered by the railways of Canada. But is it not fair to hold that many towns and cities in the Dominion of Canada would possibly not be in existence to-day, or would be much smaller units, were it not for the railroads and railroad service? Let us ask, in relation to the Canadian Pacific Railway, where the following towns and cities might have been had it not been for services, impossible to evaluate, given to the business men and others: Victoria, Vancouver, Kamloops, Cranbrook, Lethbridge, Calgary, Medicine Hat, Moose Jaw, Regina, Winnipeg, Fort William, Port Arthur, Saint John, and North Bay, to say nothing of Ottawa, Montreal, Toronto and many other important towns and cities in Canada. Also, in relation to the Canadian National Railways, we might ask where such places as Jasper, Edmonton, Saskatoon, Biggar, Melville, Rainy River, Winnipeg, Fort William and Port Arthur in part, Sioux Lookout, Sarnia, Windsor, Hamilton, London, Brantford, Belleville, Brockville, Richmond, Moncton, Amherst, Truro, Halifax, Sydney, New Glasgow, Stellarton, as well as many other communities, would have been had it not been for the service rendered by the Canadian National Railways, which are now, in the opinion of many, hanging like a millstone around the neck of the Canadian taxpayer.

Hon. Mr. MULLINS: Will the honourable member permit me to speak to him? They would have been wonderful cities if it had not been for the freight rates we had to pay when we were pioneering them. I admit that we have had service from the Canadian National, but we have had no cheap rates. To-day we are paying 20 per cent more in freight rates than we ever paid. That is what is the matter with the Western country.

Hon. Mr. MURDOCK: In other words, these freight rates, which are the lowest in the world, are altogether too high. I am coming to that point.

Hon. Mr. DANDURAND: They are 25 per cent lower than in the United States.

Hon. Mr. MURDOCK: I am coming to that as one of my most insistent arguments, to show why we should undertake to conserve what we have.

One other thought in closing. I think it is correct to say that Canadian freight and passenger railroad rates have been, and are, lower than similar rates for similar services in any other country.

Hon. Mr. DANDURAND: Hear, hear.

Hon. Mr. MURDOCK: If that statement is reasonably correct, Canada's railroad service has been, and is, paying a bonus to every man, woman and child in Canada who utilizes

the railroads for any purpose. In addition to this general flat bonus, which is Canada-wide, we find special bonuses to certain sections under the Crowsnest Pass agreement, the Maritime freight rates, etc. It would seem to me, therefore, that when we undertake to assess the benefits accruing to us on account of the Canadian National Railways, or on account of both the railways, we ought in fairness to compute the bonus payments, in the form of lower freight and passenger rates, which the Canadian people as a whole have been receiving these many years. Perhaps Canada has received value in large measure for all its outlay in railways.

Many honourable members who have been using the railways will argue, no doubt, that rates are too high, but the fact remains that the people are now, and have been in the past, getting service at much less than cost. This was evidenced by the statement in the press the other day about $270,000,000 being handed to the railroads of the United States by way of an increase in freight rates, which already were higher than our own.

Again I express regret at having taken up so much time. It seemed to me, however, that there were some thoughts in connection with this matter that should be voiced by someone. I have tried to put them on record from the standpoint of the other fellow.

I think all honourable senators will have noted that the honourable gentleman from Montarville (Hon. Mr. Beaubien) did not lay enough stress upon the question of displaced railroad men. To my mind their situation has been and is one of the most tragic features of recent years. Right here in this capital city of Canada there are railroad men with twenty-six years or more of service, and of seniority, who are not able to get a day's work. Yet some people talk callously about putting another 15,000 or 17,000 men out of jobs. For what reason? For the purpose of continuing, as we should like to continue, to send dividends to shareholders in the United Kingdom and in the United States.

Right Hon. Mr. MEIGHEN: I have no desire to speak on the amendment, although I have the right, of course, but I wish to refer for a moment to the somewhat reluctant interruption which I felt compelled to make.

Hon. Mr. MURDOCK: May I be excused for a moment? I made a very serious mistake.

Right Hon. Mr. MEIGHEN: I thought so.

Hon. Mr. MURDOCK: The right honourable gentleman knows that I have made many. I intended to move an amendment before I sat down. I would now move, seconded by the honourable senator from Ottawa (Hon. Mr. Lambert):

That all the words after the word "upon" in the third line of the amendment be struck out, and that the following be substituted therefor: "the enormous cost of Canadian railways to the people of Canada, and to recommend to this Senate some plan whereby the taxpayers of Canada may be relieved, and be assured of a first charge guaranteed return of not less than $75,000,000 per year upon the debt and interest charges of the Canadian National Railways while, at the same time, following the highly-spoken-of British plan of conserving to railway employees their positions without undue hardship."

Having heard so much of the $75,000,000 that Canada is going to get for the relief of the forgotten taxpayer, I think we had better undertake to find out how much there is behind the proposal.

Right Hon. Mr. MEIGHEN: That is not the mistake to which I referred. The honourable gentleman said that Judge Fullerton admitted before a committee of this House two years ago that he was not able to give the names of members of the committee on co-operation that was functioning with respect to economies which were to be made by the two systems. I interrupted the honourable member to say I had no recollection of such an admission on Judge Fullerton's part. I now have the evidence, and I shall read just a page and a half, from which it will appear that all the names were given. The Senate committee did not have to wait a second. Judge Fullerton answered every question on the subject.

Hon. Mr. MURDOCK: At a later date.

Right Hon. Mr. MEIGHEN: The only time he was asked.

Hon. Mr. MURDOCK: No.

Right Hon. Mr. MEIGHEN: The honourable member is so impetuous that he thinks nothing of making a statement that has no basis whatever in fact; though he may not know it is not founded on fact. I do not know anyone who so consistently persists—

Hon. Mr. MURDOCK: Will the right honourable gentleman pardon me? I persist because a couple of years ago, when I said this gentleman got $30,000 a year, the right honourable gentleman contradicted me.

Right Hon. Mr. MEIGHEN: No, I did not. The honourable member is adding another to his offences. There was no such contradiction at any time, and I defy the honourable gentleman to show it in the records of

this House. My memory has not quite collapsed. The honourable gentleman never had any memory, or rather, never had recourse to it on anything. He has just got into the habit of saying whatever comes into his head.

I have had the Clerk of the Committee read through the evidence to find out if at any time Judge Fullerton made any such admission as has been alleged. The Clerk reports that he never did, and he has marked the place where the names were given.

I read from the report:

Hon. Mr. Dandurand: We have not, I think, had the names of the Canadian National representatives on the expert committee. We were told only the names of the Canadian Pacific representatives.

Right Hon. Mr. Meighen: There are two committees. Let us get this clear. There is, first of all, a joint co-operative committee?

Hon. Mr. Fullerton: A joint co-operative committee.

Right Hon. Mr. Meighen: On which the Canadian Pacific has three representatives and the Canadian National three.

Hon. Mr. Fullerton: Yes.

Right Hon. Mr. Meighen: Your three representatives are who?

Hon. Mr. Fullerton: Mr. Fairweather is Chairman. The other two members are Mr. Gzowski and Mr. Wardlaw.

Right Hon. Mr. Meighen: What are their regular duties in the company?

Hon. Mr. Fullerton: Mr. Gzowski is one of our construction engineers, and Mr. Wardlaw, I think, is a traffic man.

Right Hon. Mr. Meighen. A traffic man under Mr. Hungerford?

Hon. Mr. Fullerton: I think so.

Right Hon. Mr. Meighen: And Mr. Fairweather is what?

Hon. Mr. Fullerton: Head of the Bureau of Economics.

Right Hon. Mr. Meighen: And the Canadian Pacific members are headed by Mr. Armstrong, who was here to-day?

Hon. Mr. Fullerton: Yes.

Right Hon. Mr. Meighen: The other names were given.

That is exactly what was said. I go on from there:

Now, above this committee, and as a sort of tribunal before whom their specific recommendations come, is another joint board, composed of the three trustees, representing the Canadian National, and Sir Edward Beatty, Mr. Tilley and Mr. Black, representing the Canadian Pacific?

Hon. Mr. Fullerton: Yes.

Right Hon. Mr. Meighen: Would you say that any of those three on the Canadian Pacific are practical railway men?

Hon. Mr. Fullerton: Absolutely not.

How can an honourable member justify telling this House—

Hon. Mr. MURDOCK: What I said is true, and there are honourable members here who can be put on oath to state it is true. We cannot be bluffed out of our knowledge by any defence put up by my right honourable friend, who did not even know that Mr. Fullerton was getting $30,000 a year. It is all very well to laugh and hooray and get out of order by interrupting to defend an incompetent that had every man from the Atlantic to the Pacific wondering what was going to happen—

Some Hon. SENATORS: Order.

Hon. Mr. MURDOCK: Yes, I say, "Order."

Right Hon. Mr. MEIGHEN: The honourable gentleman says "Order," but never observes it. I was only quoting the record.

Hon. Mr. MURDOCK: The record that was fixed afterwards to defend somebody. I know the way it is done.

Hon. Mr. HORNER: Who did it?

Right Hon. Mr. MEIGHEN: What is one to do in the presence of a man like that?

Hon. Mr. LEGER: Honourable senators, in the absence of and on behalf of the honourable senator from Rigaud (Hon. Mr. Sauvé), I move the adjournment of the debate.

Hon. Mr. BARNARD: Honourable senators, before this motion is put, may I say that the honourable senator from Westmorland (Hon. Mr. Black) did not complete the wording of his proposed amendment yesterday, in that he did not name the committee.

Hon. Mr. DANDURAND: I draw my honourable friend's attention to the fact that an amendment to the amendment has been moved, but has not yet been put by the Chair.

Hon. Mr. BARNARD: I was wondering whether it would not be proper to complete first the wording of the amendment proposed by the honourable senator from Westmorland. He is away to-day and asked me to complete it for him.

The Hon the SPEAKER: It is moved by the Hon. Mr. Murdock, seconded by Hon. Mr. Lambert, as an amendment to the amendment, that all the words after the word "upon" in the third line be stricken out and the following substituted therefor:

the enormous cost of Canadian railways to the people of Canada, and to recommend to this Senate some plan whereby the taxpayers of Canada may be relieved, and be assured of a first charge guaranteed return of not less

than $75,000,000 per year upon the debt and interest charges of the Canadian National Railways while, at the same time, following the highly-spoken-of British plan of conserving to railway employees their positions without undue hardship.

Is it your pleasure, honourable senators, to adopt the amendment to the amendment?

Hon. Mr. LEGER: Honourable senators, in the absence of and on behalf of the honourable senator from Rigaud (Hon. Mr. Sauvé), I move the adjournment of the debate.

The debate was adjourned.

POST OFFICE BILL (NEWSPAPER OWNERSHIP)

RECEIVED FROM THE HOUSE OF COMMONS

The Hon. the SPEAKER: Honourable members, a message has been received from the House of Commons with Bill 20, an Act to amend the Post Office Act (Newspaper Ownership). This is a public Bill, sponsored by a private member in another place. If any honourable senator will express his desire to sponsor the Bill here, I will read the message. If not, I suggest that the message stand.

The message stands.

The Senate adjourned until Tuesday, March 22, at 8 p.m.

THE SENATE

Tuesday, March 22, 1938.

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

Prayers and routine proceedings.

CANADIAN NATIONAL RAILWAYS—EMPLOYEES AT MONCTON

INQUIRY

Hon. Mr. LEGER inquired of the Government:

1. How many new employees have entered the service of the Canadian National Railways at Moncton since the 1st day of January, 1936, (a) as apprentices; (b) as permanent employees; (c) under any other conditions?

2. Please give their names, their residences and class of work of each and every one of them.

Right Hon. Mr. GRAHAM: I have an answer from the Department of Transport, which may not be altogether satisfactory. It is as follows:

The Hon. the SPEAKER.

This inquiry was submitted, by telegram, to the Canadian National Railway management at Montreal, and, in response, I have received a telegram over the signature of Mr. S. J. Hungerford, President of Canadian National Railways, reading as follows:

"Your telegram date regarding information desired by Senator Léger as to employees. Management considers information requested concerns details of internal administration and is not of a nature which should be made public."

Right Hon. Mr. MEIGHEN: What a change!

Right Hon. Mr. GRAHAM: It was the practice when I was in the Department.

CIVIL SERVICE BILL

FIRST READING

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

The Bill was read the first time.

CANADA GRAIN BILL

FIRST READING

A message was received from the House of Commons with Bill 27, an Act to amend the Canada Grain Act.

The Bill was read the first time.

SOLDIER SETTLEMENT BILL

FIRST READING

A message was received from the House of Commons with Bill 33, an Act to amend the Soldier Settlement Act.

The Bill was read the first time.

WAR VETERANS' ALLOWANCE BILL

FIRST READING

A message was received from the House of Commons with Bill 35, an Act to amend the War Veterans' Allowance Act.

The Bill was read the first time.

PENITENTIARY BILL

FIRST READING

A message was received from the House of Commons with Bill 36, an Act to amend the Penitentiary Act.

The Bill was read the first time.

CANADA EVIDENCE BILL

FIRST READING

A message was received from the House of Commons with Bill 37, an Act to amend the Canada Evidence Act.

The Bill was read the first time.

DIVORCE BILLS

THIRD READINGS

On motion of Hon. Mr. McMeans, Chairman of the Committee on Divorce, the following Bills were severally read the third time, and passed:

Bill Q, an Act for the relief of Mary Lorraine Ward Williamson.

Bill R, an Act for the relief of Lyall Gibson Hodges.

Bill S, an Act for the relief of Esther Lazarovitch Cohen.

Bill T, an Act for the relief of Dorothy Reaves McMartin.

Bill U, an Act for the relief of Mary Dorothy Picard Whitcombe.

Bill V, an Act for the relief of Emil Kastus.

Bill W, an Act for the relief Eva Fleming Hislop.

Bill X, an Act for the relief of Sigmund Oravec.

Bill Y, an Act for the relief of Robert Parry.

Bill Z, an Act for the relief of Nacha Ferszt Klajner, otherwise known as Nora Firstenfeld Klein.

Bill A-1, an Act for the relief of Leonora May Howard.

SECOND READINGS

On motion of Hon. Mr. McMeans, the following Bills were severally read the second time.

Bill B-1, an Act for the relief of Annie Elizabeth Climie Adams.

Bill C-1, an Act for the relief of Margaret Alice Mizener.

Bill D-1, an Act for the relief of Frances Dorothy Scott Skinner.

Bill E-1, an Act for the relief of Esther Rotman Resnick.

CANADA'S RAILWAY PROBLEM

DEBATE POSTPONED

On the Order:

Resuming the adjourned debate on the motion by Hon. Mr. Beaubien:

"That, in the opinion of the Senate, the Government should be urged to settle the railway problem of Canada at any early date in order to stop the ruinous loss made each year by the Dominion through the Canadian National Railways, and which already amounts to several billion dollars."

And the amendment proposed by Hon. Mr. Black:

"That all words after 'that' in the first line be stricken out, and that there be substituted therefor: 'a committee of the Senate be appointed to inquire into and report upon the best means of relieving the country from its extremely serious railway condition, and financial burden consequent thereto, with power to send for persons, papers and records, and that said committee consist of fourteen senators'."

And the sub-amendment proposed by Hon. Mr. Murdock:

"That all the words after the word 'upon' be struck out and the following substituted therefore: 'the enormous cost of Canadian railways to the people of Canada, and to recommend to this Senate some plan whereby the taxpayers of Canada may be relieved, and be assured of a first charge guaranteed return of not less than $75,000,000 per year upon the debt and interest charges of the Canadian National Railways while, at the same time, following the highly-spoken-of British plan of conserving to railway employees their positions without undue hardship'."

Hon. Mr. SAUVE: To-morrow.

Right Hon. Mr. GRAHAM: Honourable members, the speech of my honourable friend (Hon. Mr. Sauvé), a very interesting item, is next on the Order Paper, but the leader of the House, who is absent, has intimated that he would like to be here when this question is taken up again. He will be here to-morrow.

The Order stands.

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

THE SENATE

Wednesday, March 23, 1938.

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

Prayers and routine proceedings.

SHIPPING BILL

THIRD READING

Hon. Mr. DANDURAND moved the third reading of Bill 23, an Act to amend Part V of the Canada Shipping Act, 1934. (Sick Mariners and Marine Hospitals.)

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

PRIVATE BILLS

THIRD READINGS

Bill D, an Act respecting Révillon Frères Trading Company, Limited, and to change its name to Rupert's Land Trading Company.—Hon. Mr. McMeans.

Bill E, an Act respecting the Restigouche Log Driving and Boom Company.—Hon. Mr. Robinson.

DIVORCE AND MATRIMONIAL CAUSES BILL

REPORT OF SPECIAL COMMITTEE

Hon. Mr. TANNER presented the report of the Special Committee on Bill B, an Act respecting Divorce and Matrimonial Causes, and moved concurrence therein.

The motion was agreed to.

MOTION FOR THIRD READING

The Hon. the SPEAKER: When shall this Bill be read a third time?

Hon. Mr. McMEANS: Now.

Hon. Mr. COTE: No.

The Hon. the SPEAKER: Next sitting of the House?

Hon. Mr. RAINVILLE: Honourable senators, I would suggest that the third reading of this Bill be put over to Wednesday next.

Hon. Mr. McMEANS: I move that the Bill be placed on the Order Paper to be read a third time to-morrow.

Hon. Mr. DANDURAND: Do I understand that the report is to be considered to-morrow?

Hon. Mr. McMEANS: The Bill has been reported without amendment, and a day must elapse, I suppose, before it is read the third time.

Hon. Mr. DANDURAND: I could not hear my honourable friend, and so did not know what he was moving.

Hon. Mr. McMEANS: I moved that the Bill be placed on the Order Paper for third reading to-morrow.

Hon. Mr. RAINVILLE: Honourable senators, I do not want to oppose this motion, but I would ask the mover (Hon. Mr. McMeans) to postpone the motion for third reading until Wednesday next. My reason is this. During the discussion of the subject of divorce, in which I admit I have no interest, certain questions were raised, and quite properly so, by the right honourable the leader on this side of the House (Right Hon. Mr. Meighen), by the honourable senator from Parkdale (Hon. Mr. Murdock), and by the honourable senator from Prince (Hon. Mr. MacArthur). It may be that instead of leaving the Bill without a final word we could clear up misunderstanding by giving some explanation as to the source of and reasons for the law of Quebec. The explanation would not call for discussion of religious differences, a subject that I for one, as well as other honourable senators, wish to avoid, inasmuch as discussions of that sort do no good to the country and do not help to make us the united people we should be. Would the mover and the seconder of the motion agree to the third reading of this Bill being postponed until next Wednesday?

Hon. Mr. MacARTHUR: Honourable members, as one who is mentioned as having asked a question, I would request the honourable gentleman (Hon. Mr. Rainville) to withdraw his opposition to our taking the third reading to-morrow. The information I required I have obtained by reading the Civil Code of the province of Quebec, and other honourable members can do likewise. In my opinion it is inadvisable to continue this discussion any longer than absolutely necessary; I think the least said, the better. I should like the passing of the measure in the Senate to be expedited so that we may get the Bill over to the other House and see what will be done with it there.

Hon. Mr. RAINVILLE: I was merely asking whether the honourable mover of the motion (Hon. Mr. McMeans) was agreeable to the postponement of the third reading until next Wednesday. If he does not consent, I shall withdraw my suggestion.

Hon. Mr. McMEANS: I do not see what the state of the law in Quebec has to do with the present Bill. I should very much regret it if the honourable gentleman were to introduce any such question as he has suggested. In my opinion it would be inadvisable for this House to enter into any discussion of the Quebec law on marriages.

Hon. Mr. MURDOCK: May I ask what information the honourable gentleman from Repentigny (Hon. Mr. Rainville) thinks we might get next Wednesday that would not be available to-morrow or before then?

Hon. Mr. RAINVILLE: My desire was simply that a few of us might be given time to prepare a brief which would deal with our laws without entering into discussion on any other subject. The question of the principle would not be taken up.

Hon. Mr. MURDOCK: As one member of the special committee that had the Bill under consideration this morning, I may be permitted a few remarks. There were many things that I did not understand about this subject of divorce when the measure was introduced the other day, and that was the only reason why I asked some questions. I wanted information. Since then I have sat at the feet of the Law Clerk of the Senate on a couple of occasions, for about an hour and a half, and have been

given complete information. I find, for example, that in the Old Land, about a hundred years ago, a clergyman belonging to my faith would not have had the right to perform any marriage at all. I am speaking approximately as to the date. I have discovered that as regards this question in the province of Quebec everything is perfectly regular and proper, in accordance with agreements entered into in 1865 and 1866. I am entirely satisfied with the information that has come to me. I think it is really unfortunate that we cannot have before us the Law Clerk or someone else capable of giving a complete review of the history of this subject for a couple of hundred years back, so that all honourable members may be brought up to date on it, as I think I have been.

In the circumstances, if there were any reasonable hope of securing useful information thereby, I would agree whole-heartedly with the suggestion of my honourable friend from Repentigny (Hon. Mr. Rainville) that third reading be postponed until Wednesday next. Otherwise, I do not see any good in delaying the measure. I would remind honourable members—I am speaking subject to correction, though I feel I am right on this—that the Bill now before us follows very closely the language of the Act passed in the Motherland last year. It was suggested that some additions be made, but this was not done.

Hon. Mr. HUGHES: Honourable senators, the remarks of the honourable senator from Parkdale (Hon. Mr. Murdock) convince me that it is not wise to rush the third reading of this Bill. I do not know whether or not that is the intention. The honourable senator was very much in favour of second reading and sending the measure to committee. He tells us now that the information he obtained from the Law Clerk, who appeared before the committee, cleared up a great many things in his mind. He and other honourable members of the committee have had opportunities that were not available to the rest of us. I very much wish that an arrangement could be made for the Law Clerk to come here and give to the House the same information that the committee received. Some of us want it, and it would do none of us any harm. I should be very much obliged if that arrangement could be made, and it would be satisfactory to me to take up the matter to-morrow. Would that be agreeable?

Hon. Mr. McMEANS: The motion is to have the Bill put down for third reading to-morrow. There will be full opportunity for any discussion then.

Hon. Mr. HUGHES: Can we have the Law Clerk here?

Hon. Mr. McMEANS: No.

Hon. Mr. HUGHES: The Law Clerk cannot come and sit here?

Hon. Mr. McMEANS: I may say to my honourable friend that the Law Clerk has fully explained the Bill. In addition, the explanatory notes printed with the measure itself state what are the laws in the different provinces. I do not think we could obtain any further useful information.

Hon. Mr. HUGHES: As one member of the House, I should very much like to hear the explanations given by the Law Clerk, which appear to have cleared up so many points in the minds of members of the special committee.

The motion to place the Bill on the Order Paper for third reading to-morrow was agreed to.

LAWSUITS BY PROVINCES AGAINST DOMINION

INQUIRY

Hon. Mr. CASGRAIN inquired of the Government:

Must a province obtain a fiat to sue the Dominion Government?

Hon. Mr. DANDURAND: To this inquiry I have an answer, received from the Minister of Justice. It reads:

Section 31 of the Exchequer Court Act, Chapter 34, Revised Statutes of Canada, 1927, is as follows:

"31. When the legislature of any province of Canada has passed an Act agreeing that the Exchequer Court shall have jurisdiction in cases of controversies,

(a) between the Dominion of Canada and such province;

(b) between such province and any other province or provinces which have passed a like Act;

the Exchequer Court shall have jurisdiction to determine such controversies.

2. An appeal shall lie in such cases from the Exchequer Court to the Supreme Court. R.S., c. 140, s. 32."

No fiat is required in such cases.

PRIVATE BILL

FIRST READING

Bill L1, an Act to incorporate The Maritime Provinces General Insurance Company.—Hon. Mr. Quinn.

WINNIPEG AND ST. BONIFACE HARBOUR COMMISSIONERS BILL

FURTHER CONSIDERED IN COMMITTEE

The Senate again went into Committee on Bill 32, an Act to amend The Winnipeg and St. Boniface Harbour Commissioners Act.—Hon. Mr. Dandurand.

Hon. Mr. Duff in the Chair.

Hon. Mr. DANDURAND: Honourable senators, perhaps at this stage I may be allowed to answer some inquiries that were made when we were formerly in Committee on this Bill. The questions had to do with the port, its value, administration and cost to date. I have here a copy of a letter written by the City Solicitor of Winnipeg to the Minister of Transport. It reads as follows:

Re the Winnipeg and St. Boniface Harbour Commissioners.

I enclose herewith a draft Bill which the commissioners—

That is, the harbour commissioners of Winnipeg and St. Boniface.

—are anxious to have passed at the forthcoming session of Parliament. It is expected that as a result of the new Greater Winnipeg sewage disposal plant the Red river will be more extensively used for pleasure craft and it appeared desirable to the commissioners that their control of the river be extended by taking in some of the suburban municipalities through which the river flows.

The municipality of East Kildonan has given its consent to have its portion of the Red river included in the harbour and it is hoped that West Kildonan will follow suit. Both these municipalities lie north of the cities of Winnipeg and St. Boniface and their joining would extend the harbour about a mile and a half in that direction. An effort is also being made to have the municipalities of Fort Garry and St. Vital, lying south of the present harbour, agree to have the harbour extended by taking in those municipalities.

You may be aware that a provincial body called the Winnipeg and St. Boniface River Control Board was created by Chapter 72 of the Statutes of Manitoba, 1934, having the same personnel as those appointed from time to time as commissioners under the Winnipeg and St. Boniface Harbour Commissioners Act, and any increase in the limits of the harbour will be accompanied by an increase in the portions of the Red and Assiniboine rivers within the jurisdiction of that board. The object of creating the River Control Board was to create a body having control over the rivers from the point of view of flood prevention and the beautifying of the banks. Since the completion of the sewage disposal plant above referred to, greater interest is being taken in the appearance of the river banks as well as in the use of the river for pleasure craft.

There is a peculiarity with respect to the boundaries of the municipalities in the Greater Winnipeg area as regards the Red river. In the case of Winnipeg and St. Boniface the municipality boundaries of each city take in one-half of the river and are contiguous along the centre line of the stream.

In the case, however, of the two suburban municipalities to the north and the two to the south, none of these includes any part of the Red river, although they are situated on its banks.

In drafting the enclosed Bill it seemed simpler for the purposes of the amendments in sections 2, 3 and 4 to insert the interpretive clause in section 1 providing that the portions of the river contiguous to the respective municipalities should be regarded as being within their boundaries.

If the enclosed Bill is satisfactory to your Department I should be much obliged if you would have it introduced.

I have obtained from the Department of Transport the following information:

Bill 32 was introduced by the Minister at the request of the City of Winnipeg through J. Preudhomme, City Solicitor, a copy of whose letter to the Minister, dated January 19, 1938, is appended.

The Bill as originally submitted was examined by the Assistant Counsel of this Department and our marine officials, and some minor changes suggested which were acceptable to Mr. Preudhomme.

The personnel of the Winnipeg and St. Boniface Harbour Commission at present is as follows:

Col. G. C. MacLean, Chairman, Mayor of St. Boniface, term expires June 23, 1939.

J. G. VanBelleghem, alderman, St. Boniface, term expires June 23, 1939.

W. P. Brereton, Vice-Chairman, city engineer, Winnipeg, term expires August 13, 1940.

John Blumberg, alderman, Winnipeg, term expires August 20, 1940.

W. M. Scott, engineer, Winnipeg, term expires May 3, 1940.

Under their Act, the Winnipeg and St. Boniface Harbour Commissioners have power to impose certain tolls, cargo rates and wharfage rates, and to establish an annual licence or registration fee for craft frequenting the harbour. In addition, the Harbour Commission receives a grant of $1,000 a year from the City of Winnipeg and $150 a year from the Municipality of St. Boniface. It will thus be seen that the operations of the Winnipeg and St. Boniface Harbour Commission are without cost or charge to the Dominion Government.

The Department of Public Works has furnished me with this statement of the cost of dredging from 1925-26 to 1936-37:

Departmental Dredging

Winnipeg and St. Boniface Harbour Commission

1925-26—Dredge No. 202—Winnipeg	—Brown & Rutherford wharf	$ 760 70
1926-27— " " " "	—Brown & Rutherford wharf	574 12
1926-27— " " " "	—Lake bar and sand wharf	5,018 28
1927-28— " " " "	—Brown & Rutherford wharf	1,399 02
1927-28— " " " "	—Lake bar and sand wharf	806 13
1928-29— " " " "	—Brown & Rutherford wharf	1,734 91
1929-30— " " " "	—Lake bar and sand wharf	1,228 82
1929-30— " " " "	—Brown & Rutherford wharf	4,140 57
1929-30— " " " "	—Government wharf	1,175 39
1930-31— " " " "	—Brown & Rutherford wharf	1,184 98
1932-33— " " " "	—Brown & Rutherford wharf	1,655 63
1933-34— " " " "	—Brown & Rutherford wharf	314 75
1933-34— " " " "	—Lake bar and sand wharf	645 20
1936-37—Dredge No. 205 "	—Brown & Rutherford wharf	4,126 10
		$24,764 60

The Department has also furnished me with the following figures with respect to wharf construction and repairs:

1928-29—Winnipeg	—Wharf construction	$ 9,316 31
1929-30— "	— " "	5,905 70
1930-31— "	—Wharf repairs	31 52
1932-33— "	—Cribwork repairs	19 44
1934-35— "	—To renew covering public wharf	1,814 53
1935-36— "	—Removal of piers and ice-breakers	13,725 45
		$30,812 95

Honourable members will observe that the total expenditure amounts to $55,577.55.

Hon. Mr. COPP: That was spent by the Dominion Government?

Hon. Mr. DANDURAND: Yes; by the Department of Public Works.

Hon. Mr. CALDER: Honourable members, on the motion for second reading I made inquiry regarding some of these matters. I think we have now all the information necessary for the purpose of dealing with the Bill. I do not object to the expenditure, nor to any of the departments exercising control through a local board. What bothered me was why in the world there should in this case be a board of harbour commissioners. Conditions similar to those existing at Winnipeg will be found all over the country. There may be an expenditure of, say, $75,000 on a breakwater to protect a little cove or something of that nature down in New Brunswick or Nova Scotia, but no board of harbour commissioners is appointed to look after the work. "Harbour commission" has come to mean something. We have a board of harbour commissioners at ports like Montreal, Saint John, Quebec and Vancouver. But why a local board of this kind to look after very little shipping beyond a few pleasure craft should be called a harbour commission is something that I cannot understand. I do not intend to oppose the Bill in the slightest degree, but I think the sooner we discontinue the use of such a title where it is not necessary the better it will be

Hon. Mr. BEAUBIEN: To what extent is the river used for commercial purposes?

Hon. Mr. DANDURAND: There is no information to indicate that it has been used very much.

Hon. Mr. CALDER: My honourable friend from Winnipeg South-Centre (Hon. Mr. Haig) is cognizant of the local situation, and I should like him to give the House a brief statement as to what the harbour is used for.

Hon. Mr. HAIG: Some years ago the St. Andrew's locks were constructed to enable sand and gravel and lumber to be transported by water from Lake Winnipeg to the city of Winnipeg. Brown & Rutherford, Limited, a large lumber firm, bring up a good deal of lumber every year. The lumber is cut during the winter, sawn in the summer, and then sent up the river. With St. Boniface on the one side and Winnipeg on the other, difficulties have arisen with respect to the exercise of control over the banks of the river. The city of Winnipeg, the provincial Government and the Dominion Government have recently spent more than $3,000,000 on the construction of a sewage disposal plant. The two cities, having contributed towards this expense, desire that the banks of the river should be beautified. The members of the commission give their services for nothing. They exercise control over both banks of the river. Winnipeg, St. Boniface and the surrounding municipalities are ambitious to have proper drives constructed along the river banks, and this work will be unified under the harbour commission. In

recent years the traffic from Lake Winnipeg to the city of Winnipeg has decreased on account of the lowering of the water level in both the Red and the Assiniboine rivers, but up to eight years ago a great deal of material was brought by river to Winnipeg for construction and building purposes. While it may sound too impressive to call this controlling body a harbour commission, still the commission serves a useful purpose, and has the whole-hearted support not only of Winnipeg and St. Boniface, but also of the contiguous municipalities. I understand that these municipalities desire to come under the jurisdiction of the harbour commission in order that there may be a unified plan of river improvement.

Sections 1 to 6, inclusive, were agreed to.

On the title:

Hon. Mr. QUINN: Before the Bill is reported I should like to obtain some information. In 1936 all harbour commissions in Canada were brought under control of a centralized board here in Ottawa. Was this harbour commission not included?

Hon. Mr. DANDURAND: No, it is not included.

Right Hon. Mr. GRAHAM: This is not a Dominion commission.

The title was agreed to.

The Bill was reported.

THIRD READING

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

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

DIVORCE BILLS

FIRST READINGS

Hon. Mr. McMEANS, Chairman of the Committee on Divorce, presented the following Bills, which were severally read the first time:

Bill F1, an Act for the relief of Dorothy MacFie Safford Dale.

Bill G1, an Act for the relief of Alice Temple Jamieson Adair.

Bill H1, an Act for the relief of Gladys Kathleen Crook O'Sullivan.

Bill I1, an Act for the relief of Geraldine Estelle Bamford.

Bill J1, an Act for the relief of Charles Marie.

Bill K1, an Act for the relief of Rosamond Cheriton Stoyle MacDonald.

CANADA'S RAILWAY PROBLEM

DEBATE CONTINUED

The Senate resumed from Thursday, March 17, the adjourned debate on the motion by Hon. Mr. Beaubien:

"That in the opinion of the Senate, the Government should be urged to settle the railway problem of Canada at any early date in order to stop the ruinous loss made each year by the Dominion through the Canadian National Railways, and which already amounts to several billion dollars."

And the amendment proposed by Hon. Mr. Black:

"That all words after 'that' in the first line be stricken out, and that there be substituted therefor: 'a committee of the Senate be appointed to inquire into and report upon the best means of relieving the country from its extremely serious railway condition, and financial burden consequent thereto, with power to send for persons, papers and records, and that said committee consist of fourteen senators'."

And the sub-amendment proposed by Hon. Mr. Murdock:

"That all the words after the word 'upon' be struck out and the following substituted therefor: 'the enormous cost of Canadian railways to the people of Canada, and to recommend to the Senate some plan whereby the taxpayers of Canada may be relieved, and be assured of a first charge guaranteed return of not less than $75,000,000 per year upon the debt and interest charges of the Canadian National Railways while, at the same time, following the highly-spoken-of British plan of conserving to railway employees their positions without undue hardship'."

Hon. ARTHUR SAUVE: Honourable senators, I desire to add a few remarks to the discussion opened by the motion of my honourable friend the senator from Montarville (Hon. Mr. Beaubien). The subject of the motion is indeed a broad and most interesting one, and the proposer expounded it in such a way as to contribute largely to the zest and fruitfulness of the long preliminary period of our session. He deserves our congratulations and thanks for this example of initiative.

I do not intend to use great phrases or sonorous words, nor to assume the proud look of the self-styled great man. I prefer to touch the small sores which have produced desperate diseases and fatal results. As the Senate must avoid taking too drastic action on the executive and financial affairs of government, the subject before us is particularly difficult and delicate.

The railway question is national rather than political. As Canadians we all share a common obligation. If the Canadian railroads constitute a grievous problem, demanding immediate attention, I believe we are right in facing it. At the same time we must recognize

the importance which new methods of transport have acquired, and which is bound to increase in the future.

After listening to the interesting addresses of the previous speakers I could not help wondering why, when we are spending so many millions to cover a deficit, we should spend untold millions more to increase and strengthen the competition which already has so largely contributed to our disastrous railway situation. In this connection I might mention air transport, which, though the youngest competitor of the railways, is extremely vigorous.

Lack of planning and foresight was the primary error in the establishment of our transportation system. The country spent billions of dollars for transportation and communication, large sums of money being expended even at a time when the marvels of science were giving birth to advances and changes which were disturbing our economic and social life, and which created new needs and new obligations. But while the railroads were seeking financial assistance from the governments, their neglect and refusal to meet demands and requirements were prejudicial to the public. Freight and express services were far from satisfactory. Express rates were enormous and beyond all reason, and transportation by freight was at times so slow as to be almost worthless. The public, feeling that it was being imposed upon, became discontented and impatient. For too long the companies persisted in giving poor service, preferring to devote their earnings to the payment of large dividends and big salaries. The Minister of Transport has rightly said that before the establishment of the Railway Commission the railways exercised a virtual monopoly in the field of transport. I might add that this condition continued until the time when highway transport became highly competitive.

Is it not true that our railway managements have imposed various rates for the same distance? Why should a rate from Montreal to Toronto differ from a rate from Toronto to Montreal? The ridiculous line of the Canadian Pacific Railway between St. Eustache and Ste. Thérèse is kept in existence because of the persistent and outrageous refusal of the Canadian National Railways to build a station in the village of St. Eustache, as desired by the municipal authorities of that locality.

With the coming of motorized transport every government in Canada spent hundreds of millions of dollars on the building of roads designed to facilitate the transportation of goods by motor vehicles. We viewed with alarm, and rightly so, the threatening competition between two railroads whose lines paralleled each other for several hundred miles; but even after complaining about this condition we continued to spend hundreds of millions on the King's highway to make it more convenient for the operation of large trucks, thus establishing as against our railroads a new competitor, which, because it goes everywhere in response to the demand of an ever more exacting public, is progressing by leaps and bounds.

While this new and more satisfactory method of transportation shortens the distances between urban and rural centres, it affects local merchants. Local trade in villages is nearly destroyed. Yet, the public, even public bodies and governments, are persistent in demanding road improvements which will benefit motor transportation. It is too late to stop; especially in these days, when young people like to ascend the steepest hills as fast as they can descend them.

As if there were not already too many obstacles in the way of the solution of our railroad problem, millions have already been spent, and millions more will be spent, to aid the progress of yet another competitor, air transport. Could we stop this development if we would? I do not think so. Here are the words of the Minister of Mines, Hon. Mr. Crerar, as uttered in his twelfth address on the Mining Industry:

> The aeroplane is a very important factor in the development of our northern areas, and ever since it was first intensively applied, in 1926, to the transportation of mining equipment into Red Lake area, it has gained in recognition as an essential to the speedier development of mineral resources remote from our highways.
>
> The opening of new mining areas, therefore, means an increased demand for many years to come. More air freight is being shipped at present into Opemiska and Chibougamau in Quebec than to any other point in North America. The leading air transport company engaged in the handling of freight to our mining camps recently reported that it carried over 5,250,000 pounds in 1935, exclusive of mail, compared with less than 750,000 in 1931. The freight carried by all commercial aviation companies in 1935 weighed 26,500,000 pounds, compared with less than 14,500,000 pounds in 1934. The handling of heavy, bulky machinery, boilers, engines, ore buckets, and mechanical parts of all kinds is an everyday occurrence. There appears to be no limit to the variety of freight that can be carried. I read not so long ago that a team of oxen was transported by plane to a mining camp in Northern Quebec. I am pleased to note also the increasing use of the aeroplane for marketing the excellent fish obtained from the cold waters of our northerly lakes.

Here are some figures as to what this new mode of transportation has cost the country:

Under the Department of National Defence	$ 2,014,093
Under the Unemployment Relief Act	3,531,143
Under St. Hubert Airport	2,448,000
Under Air Service	2,676,004
Total	$10,669,240

That is the amount that has been spent on air transport, even though other transportation services have cost the country, since Confederation, $1,889,692,824. For the details of this expenditure I would refer honourable members to the answers to an inquiry of mine which appear in the Senate Hansard of March 17. These figures are an illustration of the present condition, and are a warning for the future.

In 1927, speaking in the Quebec Legislature on the new mode of transportation, the humble leader of the Opposition of the time expressed himself as follows:

I am not against progress, but in this case as in all others I am for orderly progress. I realize it is difficult to maintain our old customs when we are neighbours of the United States, in which country scientific progress overthrows the past and exceeds, unchecked, the reasonable needs of the nation. I wonder what will result from our allowing motor vehicles and trucks of twenty or thirty-ton capacity on our highways. This heavy transport will necessitate a widening of the roads as well as most expensive construction and maintenance. And what will this new development in traffic mean to our railroads? Is it not high time to think of it? To-morrow will be too late. If this new method of transportation cannot be regulated so as to check the competition which is ruinous to our railroads, it is useless to talk of solving our railroad problems; and useless to spend more millions of the people's money to keep up the two systems, if we contribute to the intricacy of that problem by encouraging new modes of transportation which will be most expensive to the country. Would it not be better to limit competition and force the railroad companies to give the public better service? Thousands and millions of dollars are spent to prevent accidents on our roads but, in the meantime, we multiply engines of death on the same roads. Where are we going? Are we going to spend more and more money as a support of economic disturbance and social discord?

That is what was said by the unworthy leader of the Conservative party of that time. His words were neither heard nor heeded: he was too far from governmental power, too remote from the seats of the mighty. For even then he did not consort with the gods of finance. He was too small for big business men! He had no sense of the greatness of the future! The chairman of the Canadian Pacific Railway had other interests to look after and to nurse. I say it without bitterness. In my thirty years of public life I have always, with a few exceptions, travelled by Canadian Pacific; it is a tradition with me. The Canadian Pacific was closely connected with the development of the country. But, I must add, that company has lost a great deal of its prestige in the province of Quebec, as elsewhere; it has also lost the confidence that the province formerly had in it. It has lost both because of its poor service to our people. Quebec resents injustice. We have suffered because our railroads refused to give us better service, fair express rates, more rapid shipment of freight, more convenient train hours. Our good settlers in beautiful Timiskaming have not forgotten that the Canadian Pacific, between 1916 and 1930, refused to build them a branch line which was so necessary. They remember what they suffered and the losses they endured at the time.

I do not deny that Sir Edward Beatty is a valuable man. But to my mind he played politics in the underground darkness to such an extent that his vision was obscured. I am among those who saw him attempt too many schemes or political combines, and interfere in too many others. We believe those combines lacked straightforwardness and were unjust towards certain eminent statesmen. I cannot forget the self-interested denials he gave to the utterances of politicians who from 1928 to 1930 foresaw the depression and had the courage to say so.

Furthermore, the Place Viger station incident is not a thing of which the Canadian Pacific Railway chairman should be proud. That matter was not dealt with frankly. Facts were misrepresented and truth was hidden, always to the detriment of that part of Montreal which Sir Georges Etienne Cartier tried to protect. Sir Edward Beatty knows it well. The cause of his aversion is known and deprecated sufficiently to provoke a show of resentment which may, before long, harm the Canadian Pacific Railway as well as the south-eastern part of Montreal. It is through defiance of public opinion and denials of justice that the mighty become weak; and these things lead to economic troubles as well as social uprisings.

I should also denounce the Canadian National system on account of the manner in which it has treated the public of the eastern part of Montreal. The poor old Moreau station is a gloomy image of the poor service.

Hon. Mr. LACASSE: A complaint could be made with respect to Windsor, too.

Hon. Mr. SAUVE: The traffic on our highways and the new modes of transportation

can constitute a powerful, a decisive argument for unification or co-operation on a reasonable basis, with the interests of the Canadian public considered above everything else. Let there be no question of gifts to a favourite, but let us address ourselves to finding a sensible solution of a hard problem, and to practising economy, if we would not be ruined. Unification or co-operation should be to the advantage of the country and of the body charged with the responsibility of directing our railroads, whether that be the Canadian Pacific Railway or the Board of Railway Commissioners. But, above all, we must consider the present and future needs and the country's means.

I am opposed to the amendment of the honourable senator from Westmorland (Hon. Mr. Black), because I think it is unnecessary. The railway question has often been discussed in the last twenty-five years. It was the subject of an extensive inquiry by a special committee of the Senate in 1925, at which time all interested persons had the opportunity to be heard, and many took advantage of it. The conclusions of that inquiry were formulated in eleven or twelve distinct and clear paragraphs, to be found at pages 411 and 412 of the Journals of the Senate for 1925. Why should there be another similar inquiry now? This question is to be discussed in Parliament in the light of information obtained in 1925. Why duplicate what has already been done?

Right Hon. Mr. MEIGHEN: Perhaps the honourable member is not aware that the information obtained in 1925 was never printed.

Hon. Mr. SAUVE: I saw a report, signed by the chairman of the committee, the late Senator Ross.

Right Hon. Mr. MEIGHEN: That is a report only.

Hon. Mr. SAUVE: Giving conclusions.

Right Hon. Mr. MEIGHEN: That is all.

Hon. Mr. SAUVE: They were the committee's conclusions, and they are very interesting. There is also much interesting information in the Duff Commission's report, which goes into all matters concerning our railway problem.

I am likewise opposed to the sub-amendment proposed by the honourable senator from Parkdale (Hon. Mr. Murdock), which, in my humble judgment, is not only too complicated and involved, but is based on a weak calculation.

The addresses given in the Senate by both leaders, and in another place on Monday last by Hon. Mr. Howe, Minister of Transport, and the eminent leader of the Opposition, Right Hon. Mr. Bennett, are most interesting and illuminating contributions to a better understanding of our transport problem. Do these addresses not furnish further reasons for opposition to the amendment and the sub-amendment?

Hon. J. J. HUGHES: Honourable senators, I rise to give what support I can to the amendment moved by the honourable senator from Westmorland (Hon. Mr. Black). There is no doubt that considerable changes have taken place in the railway world within the last few years. It is said, and probably with truth, that the changes in Great Britain have been phenomenal. Unified management has brought about wonderful results there. It might not produce similar results here, for conditions are different. The newspapers tell us that unification of management is being seriously considered in the United States. In that country also conditions may be largely different from those in Canada. But can there be any harm in getting all the up-to-date information that is available? And is there any public body in Canada better qualified to get that information than a committee of this House? In my humble opinion, there is not. I am not very familiar with these things, but I can reason a little.

Then consider this point. Suppose we appoint a committee, and, after getting all the information that is easily obtainable, it comes to the conclusion that unified management would not be practicable or desirable in Canada. Would it not be well to have obtained that information? If the committee should come to such a conclusion, the agitation in favour of unification might be terminated.

As I look at the matter, there is nothing to be lost by our adopting the suggestion of the honourable senator from Westmorland. If we refuse to proceed with such an inquiry, a good deal may be lost: the information that the committee could get might not be available to this House.

I need not say any more; I do not know that I am qualified to do so. But, if the amendment of the honourable senator from Westmorland is put to a vote, I certainly shall vote for it. I thought it my duty to say this.

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

PRIVATE BILL

FIRST READING

Bill M1, an Act respecting Madam Belle Hervey Harper Cazzani.—Hon. Mr. Lacasse.

LAWSUITS BY PROVINCE AGAINST DOMINION

INQUIRY

Right Hon. Mr. MEIGHEN: Honourable senators, I was late in arriving to-day. I wonder whether the honourable leader of the House (Hon. Mr. Dandurand) could tell me if the inquiry by the honourable senator from De Lanaudière (Hon. Mr. Casgrain) was answered.

Hon. Mr. DANDURAND: Yes.

Right Hon. Mr. MEIGHEN: In what terms?

Hon. Mr. DANDURAND: I will hand my right honourable friend the answer.

Right Hon. Mr. MEIGHEN: This answer is like many others: it does not answer. I suggest that the question in its entirety be referred to the Department of Justice. The answer is to the effect that if a province has by statute agreed to adhere to section 31 of our Exchequer Court Act, then the Exchequer Court has jurisdiction in cases of dispute mentioned in the section; and there is an appeal from the Exchequer Court. But the point is this: the answer is silent as to whether or not a fiat is necessary in the absence of provincial adherence. I think this comment might also be made: even in case there is such adherence, the answer does not show a fiat to be unnecessary.

Hon. Mr. DANDURAND: I thought it did.

Right Hon. Mr. MEIGHEN: That may be. I question it. But certainly there is no conclusion at all unless there is provincial adherence by statute to that section of the Exchequer Court Act.

Hon. Mr. DANDURAND: I shall await any supplementary question that my honourable friend to my left (Hon. Mr. Casgrain) may put, if he is not satisfied with the present answer.

Right Hon. Mr. MEIGHEN: That is quite satisfactory, except that I should like the honourable gentleman, without waiting at all, to procure an answer to the phase which I have just put.

Hon. Mr. DANDURAND: I will draw the attention of the Department of Justice to the query of my right honourable friend.

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

THE SENATE

Thursday, March 24, 1938.

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

Prayers and routine proceedings.

PRIVATE BILL

THIRD READING

On motion of Hon. Mr. McMeans, Bill C, an Act respecting the Canadian Pacific Railway, was read the third time, and passed.

DIVORCE BILLS

THIRD READINGS

On motion of Hon. Mr. McMeans, Chairman of the Committee on Divorce, the following Bills were read the third time, and passed:

Bill B1, an Act for the relief of Annie Elizabeth Climie Adams.

Bill C1, an Act for the relief of Margaret Alice Mizener.

Bill D1, an Act for the relief of Frances Dorothy Scott Skinner.

Bill E1, an Act for the relief of Esther Rotman Resnick.

DIVORCE AND MATRIMONIAL CAUSES BILL

MOTION FOR THIRD READING

Hon. Mr. McMEANS moved the third reading of Bill B, an Act respecting Divorce and Matrimonial Causes.

Hon. J. J. HUGHES: Honourable senators, when this Bill was before the House for second reading I tried to make my position clear. Apparently I failed to do so. Therefore I shall have to try again at this time, on the motion for third reading.

In coming to a decision on any question it is very desirable, if not necessary, to have a standard authority which all or most of the disputants will accept. Accordingly, I took the King James version of the Bible, thinking that in a Christian assembly, such as this, I should be on solid ground.

Hon. Mr. MacARTHUR: May I ask the honourable member if the Douay Bible does not differ in some respects from the King James version?

Hon. Mr. HUGHES: I am sorry my deskmate is not better acquainted with both versions.

Hon. Mr. MacARTHUR: I have read both.

Hon. Mr. HUGHES: However, if he will listen to my feeble remarks perhaps his information will become a little broader.

Judge, then, of my surprise when I found that not even one of those who followed me in the debate noticed either my arguments or my authority so far as the spoken word went, though twenty-nine out of the sixty-nine members in the House at the time declared by their votes that they believed in the indissolubility of the marriage tie.

But notwithstanding the adverse vote on the second reading I have not lost hope. I am still of the opinion that the majority of the members of this House will not, upon second thought, throw the Bible overboard. I am strengthened in this opinion by an article in the Ottawa Citizen of the 19th instant and another in the Ottawa Journal of the same date. The article in the Citizen is headed: "Dean Inge says Bible is 'losing ground' in Britain. No possibility of going back to 'old uncritical bibliolatry,' but Gospel is needed in Europe given over to 'ruthless cruelty.'" The dispatch, dated March 12, is from London, and reads:

The first of a series of White lectures on "The English Bible," which had been prepared by Dr. W. R. Inge, was read, in his absence abroad, recently in St. Paul's Cathedral by the dean, Dr. Matthews.

Dr. Inge took as his subject "What England Owes to the Bible." He pointed out that at a time when scholarship had thrown a flood of light on all parts of the Scriptures, so that if we took the trouble to study recent commentaries and introductions we might be in a far better position to understand and appreciate it than earlier generations, the Bible had been steadily and rapidly losing ground as the centre of the religious life of the English people. The time might come when the Bible would cease to have its place in the scanty library of the poor man's cottage and when it would drop out as a subject of instruction in our schools. Among the educated the Bible was not much read, and even candidates for ordination, as he found when he was a bishop's chaplain, had only a very superficial knowledge of it.

The change was inevitable and we could not go back to the old uncritical bibliolatry, but an effort was to be made this year to revive study of the Bible and reverence for it, because there was a great danger that the wheat might be thrown away with the chaff. This would be a terrible misfortune both to the church and nation.

Gospel in the Modern Age.

Christianity, he said toward the close of the lecture, was not a religion of a book as Judaism became and as Islam had always been. Our Lord wrote His message, not on paper or parchment, but on the hearts of men. Nevertheless ours was a historical religion, which came into the world at a certain time. The New Testament anchored us to the first chapter in our long history. We must not suppose that the 2,000 years which had elapsed since the birth of Christ had been years of steady spiritual progress and enlightenment. There had been progress in knowledge, but in spiritual and moral truth we had much to learn from the first century. Our progress must be in more fully understanding and making our own what for 2,000 years had been the guide and inspiration of the saints.

"Now especially," he added, "when something like a reign of Antichrist has been let loose upon Europe; when ruthless cruelty, on a scale never seen before, has been not only practised but justified by contemptible fanatics; when the liberty with which Christ has made us free is crushed and persecuted; and when the State, that monstrous idol, is deified and worshipped, where if not to the Gospel are we to look for a power which may bring back the nations to mercy and justice, to decency and humanity?"

On the same day, the 19th of this month, I read an article in the Journal under the heading, "Lord Tweedsmuir thinks statesmen should use Bible as textbook." The dispatch is from Toronto and reads:

The habit of regular Bible reading has been of "incalculable value" in strengthening the national character of the people of the British Dominions and of the United States, Lord Tweedsmuir said to-night in an address here to the British and Foreign Bible Society.

"I am inclined to think that if the Bible were the habitual textbook of statesmen to-day, there would be more wisdom and charity in the world."

In paying tribute to the work of the Bible Society, the Governor General said it was doing a work compared to which the labours of governments and parliaments were "small and ineffectual."

The meeting marked the 400th anniversary since a copy of the Bible was ordered set up in every church. Lord Tweedsmuir confessed to a preference for the authorized version of 1611 over the revised version. The 47 English scholars who compiled it had accomplished a "miracle."

These articles do not enable me to say what the views of the gentlemen mentioned are upon the legislation we are now considering, but for the life of me I cannot understand how men holding similar views with respect to the Bible can reject its plain teaching on questions of such tremendous importance as those of marriage and divorce.

Hon. Mr. GRIESBACH: May I ask my honourable friend a question? I recollect from my reading of the Scriptures that in discussing the qualifications of a bishop the Bible says that a bishop should be the husband of one wife. How does the honourable gentleman stand on that question?

Hon. Mr. HUGHES: If my honourable friend will make an appointment with me in my room, I will do my very best to enlighten him on the subject on which he desires information.

I will now comment briefly on the speeches of some of the honourable members who

spoke on and voted for the second reading of the Bill. First I shall quote the honourable gentleman who seconded the motion (Hon. M. Aseltime). At page 89 of Senate Hansard he is reported as follows:

I may say, honourable senators, that I have read the debates that took place on the English Bill in the British Parliament, but have been unable to discover in them any valid reason why such a Bill should not be passed. The Bill was supported by clergymen, lords and commoners, and received a large majority on each reading. In this connection I should like to read what was said by the Lord Bishop of Birmingham in the House of Lords on the second reading of the Bill. He prefaced his remarks with these words:

Then the honourable gentleman read an extract from the Bishop's speech in favour of the Bill.

Now, I admit at once that the views of the Bishop of Birmingham and the other English bishops who supported the British Bill are entitled to respectful consideration. But we have a higher authority than even those men. We have St. Paul, who was also a bishop, and a good one, and there is no doubt about where he stands on this question. In my speech on the motion for second reading of this Bill I quoted his words, and they will bear repetition. They are from First Corinthians, Chapter 7:

10. And unto the married I command, yet not I, but the Lord, Let not the wife depart from her husband.
11. But, and if she depart, let her remain unmarried, or be reconciled to her husband: and let not the husband put away his wife.

Again in Ephesians, Chapter 5, he said:

31. For this cause shall a man leave his father and mother, and shall be joined unto his wife, and they two shall be one flesh.
32. This is a great mystery: but I speak concerning Christ and the church.

These quotations are from the King James version. In the Douay version St. Paul calls marriage a great sacrament. I have looked up the derivation of both words, and I find that in the Greek language they have the same root and the same meaning. Perhaps that will satisfy the inquiry which my honourable friend to my left (Hon. Mr. MacArthur) made in the early part of my remarks.

But I notice that the honourable senator from West Central Saskatchewan (Hon. Mr. Aseltine) clashed with St. Paul, for he said that marriage was neither a sacrament nor a mystery. I must leave my honourable friend to reconcile his statement with that of the Bible.

Perhaps, however, some honourable members will say—in fact I know some do say—that our modern bishops know more about present-day conditions than St. Paul could possibly know. I will not argue the point, though I have my own opinion on it, but we who oppose divorce are not confined to St. Paul. We have the teachings, clear and unmistakable in the Gospels, of the Lord Jesus Christ, and if Christianity is not a myth, and the Bible is not book of fables, that settles the question. It might be said that St. Paul could not look into the future and see the consequences of changed conditions. But if Christ was and is God, that cannot be said of Him. With God there is no such thing as past or future time; everything is in the present. He not only knows what will happen in what we mean by "the future," but He knows what, by any possible combination of circumstances, could happen. In other words, He is omniscient. Therefore He has the power and the right to legislate for all men, under all circumstances, and for all time.

The honourable mover of the second reading of the Bill (Hon. Mr. McMeans) also tells us that for more than three hundred years desertion has been a ground for divorce in Scotland, and that Scottish homes have not been broken up because of that.

Hon. Mr. McMEANS: No; it was not I who said that.

Hon. Mr. HUGHES: My reply is that the Scottish homes have been kept together, not because of the divorce law, but in spite of it. They have been kept together because, generally speaking, the people of Scotland paid more attention to the law of God on this subject than they did to the licence given them under the civil law.

When I was speaking on the second reading of this Bill the honourable senator from Alma (Hon. Mr. Ballantyne) asked me to tell him why annulments were granted in the province of Quebec, and, while I had some ideas on the subject, I very properly referred him to the senators, particularly the legal gentlemen, from that province. In the middle of my reply to the honourable senator from Alma the honourable senator from Prince Edward (Hon. Mr. Horsey) interjected a remark which I did not hear, and to which I made no answer; but anybody reading Hansard would think that part of the reply which I intended for the senator from Alma was given to the senator from Prince Edward. The interjection of the senator from Prince Edward was as follows: "But they," meaning the laws of Quebec, "cannot supersede the law you are quoting." If I had heard him, my answer would have been: "No, nor has any power on earth the right to supersede the law I am quoting, namely, the law of Christ."

Several of the senators who spoke in favour of the second reading of the Bill depicted in strong terms the hardships suffered by people who are unhappily married. But the all-wise Creator saw all that, and the only remedy He provided was separation from bed and board. I think I could make out a strong case regarding the harm that is done to innocent children and to society by the adoption of the man-made remedy of divorce. But, instead of doing so myself, I shall quote some of the remarks of the right honourable the leader on the other side of the house (Right Hon. Mr. Meighen). He has the ability to see both sides of almost any case, and to make them clear to others, in language that I could not hope to equal. Before quoting his words, however, I want to correct him in one particular. He said, as reported at page 91 of Hansard.

I know there are those who do not conceive of the marriage contract having any of the attributes of a mere civil obligation, but regard it wholly in the light of a religious ceremony.

If the right honourable gentleman referred to the Catholic Church, he is wrong. That Church holds that marriage, primarily, is a religious ceremony with religious obligations, but it also holds it to be a civil contract with civil consequences and obligations.

Now, in regard to some of the consequences of divorce, the right honourable the leader on the other side spoke as follows, as reported in Hansard at page 91:

In a word, any number of reasons can be found for supporting the relief of the individual. Yet when that reasoning is carried to its conclusion one sees that the ultimate direction in which it leads is toward the disintegration of the home, and his heart shudders at the result of his own logic. The home is the whole basis of civilization. Without it we cannot survive. One country has made a trial—

I suppose he meant Russia.

—and has been compelled to retrace its steps. Therefore all who feel that they are at a very sacred point when dealing with legislation which invades the home are going to be very careful of the exact steps they take. In a word, you cannot get a law which is fair to the individual and is not going to result in the disintegration of the home. If we make our laws broad enough to cover all cases—to provide fair and just treatment for the poor woman who is deserted, for the poor woman whose husband is a drunkard, for the poor man whose wife has run away, for the poor man whose wife has become insane—we get to a point where the fortifications of the home are gone.

The honourable senator from Parkdale (Hon. Mr. Murdock) spoke on the second reading, and, as usual, spoke strongly and, I think, sincerely. He was perturbed over what appeared to him to be the unfair laws of the province of Quebec on this question, and particularly the prejudiced way in which these laws were administered as respects the Protestant people of that province. And the honourable senator from Alma (Hon. Mr. Ballantyne) seemed to share in the perturbation. The honourable senator from Parkdale told us yesterday that the explanations he heard from the Law Clerk in the special committee, of which the honourable gentleman is a member, convinced him that the views he had held regarding the laws of Quebec and their administration were wrong, and that he now believes the law and the administration thereof to be all right. As soon as that statement was made I suggested that the Law Clerk of the Senate be brought before the House and be asked to give to all of us the information which had worked so great a change in the honourable member from Parkdale, and perhaps in other members of the special committee as well. I was informed that the rules of the House did not permit the Law Clerk to perform such a duty. In these circumstances I am obliged to ask the honourable senator from Parkdale, or some other member of the special committee, to give us the information the Law Clerk gave to the committee, and which worked such a salutary change.

Hon. Mr. MURDOCK: May I correct the honourable gentleman? The Law Clerk of the Senate was not before the special committee at all. The information which I secured, and which to some extent changed my views or confirmed my understanding, was received from the Law Clerk personally in his office. He did not come before the committee.

Hon. Mr. HUGHES: I inferred that he did, from what the honourable senator said yesterday; but it really makes no difference. It makes all the stronger, as I see it, the reason why the honourable member from Parkdale (Hon. Mr. Murdock) should be good enough to give the information which worked such a change in him to the whole House. I should like to hear it, and I am sure others also would like to hear it. In my opinion the honourable member from Parkdale owes it to this House, to the people of Quebec—yes, to the people of Canada and to himself—to place upon the records the information which he now possesses and which he did not have a few days ago.

And now a final word with regard to the principle behind this whole business. It is the whole question of Christianity that is involved. If Jesus Christ did not teach the indissolubility of marriage, He taught nothing

at all; and if we can throw the Bible and His teaching overboard in one important particular, we can discard them in everything. The British Parliament and the Parliament of Canada may pass laws contrary to His laws, but sooner or later the price of such legislation will have to be paid. If history teaches anything it shows that it is easier for peoples and nations to start on the toboggan slide than to stop. There is hardly any stopping-place.

I shall certainly vote against the third reading of the Bill.

Right Hon. ARTHUR MEIGHEN: Honourable members, the last thought in my mind would be to contribute towards delaying decision on this measure, but I am not satisfied with the impression that probably would go out as to the vote which I shall have to give, if the division is taken now, unless I made some statement by way of explanation.

First, I hope the honourable member opposite who has just taken his seat (Hon. Mr. Hughes) will not conclude, from the mere fact that concrete reference has not been made to his authorities, that the House is quite indifferent to scriptural teachings in this or any other matter. I should not be speaking my own mind if I did not say that no one could attribute more than I would, in the way of beneficial results to humanity, to the greatest of all books. But I want to submit this thought. It is indeed dangerous to search through either of the Testaments, take from any of their books an isolated sentence, and then lay that sentence before a parliament and instruct it to legislate in the exact terms thereof. No single sentence and no single verse in the Bible of Christians will relieve any legislature of the necessity, the bounden, imperious duty, of determining the direction of legislation by reference only to the clear, practical results of such legislation upon the people for whom its laws are passed. No legislature can shield itself behind any section of scriptural writings and be relieved of its own obligation to legislate as in its free and informed judgment it deems best for its country.

The honourable member quotes a sentence which says that once the marriage ceremony is performed the twain are one flesh. He quotes another sentence which says that after the marriage ceremony is performed it is perfectly proper for that flesh to be divided, as long as it is merely a separation of bed and board. Still the one flesh is divided.

Hon. Mr. HUGHES: Not divorced.

Right Hon. Mr. MEIGHEN: But it is divided. It is twain after that, as a conception of the flesh. I shall not pursue the inquiry further. I have cited that as illustrating how it is impossible to act save in the sunlight of the whole writings, the sunlight of the teachings which these writings are intended to give, and as showing that we should not seek to follow the specific, isolated wording of a single sentence or paragraph.

I now come to the Bill. I do not intend to discuss the validity of decisions in the province of Quebec. I should not be at all averse to doing so if that subject had any relevancy to this measure. It has none. But I want to state where I stand now and where I shall have to stand when the division comes. We have had no report from the committee showing the necessity for adopting this new divorce law. When speaking some few days ago I gave expression to the reluctance which I should feel about opening the door to divorce petitions by including desertion for, say, three years and cruelty as grounds for divorce. I then admitted that if any one who has been a victim of injustice on the part of husband or wife, arising out of these very grounds, approached me and demonstrated that injustice, as she or he might easily do, I never could answer, "I am going to vote for a law that is fair for you." I could not. I should have to admit that I am standing for a law which permits that injustice to continue, a cruel and brutal injustice though it may be. Suppose a wife comes to me and says: "My husband deserted me ten years ago, and I can prove he had no cause whatever for doing so. I have been compelled to take care of myself and to raise my children and his, and I have slaved to do it. Your vote compels me so to continue for the rest of my life." I shall have to admit the charge. But what am I to do?

I was impressed by the argument of the honourable senator from South Bruce (Hon. Mr. Donnelly). He compared the effect of our divorce law, as it is at present, with that of our Criminal Code as respects persons who suffer because of what others have done. The comparison is most apt. A man is convicted of a heinous offence. He is the sole support of his wife and family; perhaps a delicate, crippled wife and a helpless family. The law sentences him to the penitentiary. There is no injustice to that man, but there is the deepest and most callous injustice to his abandoned wife and helpless children. That injustice cries in the ears of Parliament day after day, month after month. We do not meet it, because we cannot meet it. If we frame a law which provides in a tolerable way for taking care of dependents of those who commit crimes, we frame a law which encourages commission of crimes and will

multiply the roll of criminals. Before the plight of the convicted criminal's wife and her demand for justice we stand utterly impotent. In the same sense we stand impotent before the demand of the deserted wife, of the drunkard's wife, of the wife who has been the victim of cruelty throughout her marriage. Our only answer can be that the utmost we are able to do through legislation is to seek to reduce to the minimum the perils of society and injustices to members of society. It is beyond our power to wipe these things out. We have to weigh the consequences of ill resulting from our moving in one direction with those resulting from our standing still.

It may be that some day it will be possible to persuade me to see these things differently, for one's opinions do evolve. If I could be persuaded that the harm done by denying freedom to the wife who is abandoned or treated with cruelty is greater than the peril to the sacred institution of the home resulting from thus opening wider the door to divorce, I should be prepared to support this measure. I cannot bring myself to do so without some evidence or some high authorities to which I can conscientiously submit my own convictions. Nothing of that kind has been adduced so far.

I should be prepared to support the Bill in respect of all its provisions but two, namely those contained in paragraphs (b) and (c) of section 6, which add, as new grounds for divorce, desertion for at least three years and cruelty, not otherwise defined. I state to the House in all humility that I am afraid to vote for a measure which would open the doors so wide. As at present advised, I intend to vote against third reading.

Hon. G. PARENT: Honourable senators, it is not my intention to repeat all the arguments that have been stated in regard to this measure, pro and con. The discussion has been very interesting, and I have perhaps received from it some information that I did not possess before. A number of honourable senators have given examples of what may happen or has happened occasionally to persons who are married—in some instances unhappily married. Perhaps I may be allowed to refer to a case of which I know personally. The husband in question is a man of honour, a man with a heart—and I believe that a husband without a heart is not worthy to be called a man. In this case, after a few years of happiness, the wife suddenly became mentally affected. Her husband had enough money to take care of her and he is doing so, spending all he can on her, in the expectation that some day she will be cured. Every day for the last fifteen years, I should say, he has visited her at the hospital, hoping that she would recognize him and call him by name. Day after day he has been disappointed, but he never fails to make his visit, trusting that some time she will get well and come back to resume with him the happy life they had known before.

Now, I do not believe that it would be wise to amend our law so as to permit a divorce being granted if one of the parties to a marriage becomes mentally ill, even so ill as to be considered incurably insane. As several honourable senators have pointed out, there is always, especially in these days of advanced medical science, a possibility that a person in that condition may be cured.

I do not need to say more along this line. It would be impossible to convince me that any reasons are strong enough to warrant enlarging the grounds for divorce, because I do not know of anything at all that would justify divorce in any case whatever. When a man and a woman take the vows before the altar they ought to know their own minds. They must take the risks that exist in life. If they meet with any little difficulties they must learn to put up with them, in my view, for I believe that once you are married you are married for ever.

For these reasons and because I am a Catholic I am entirely opposed to divorce. I should not like the motion to pass, and I feel it my duty to move, in amendment, seconded by the honourable senator from Lunenburg (Hon. Mr. Duff), that this Bill be not now read the third time, but this day six months.

Hon. IVA CAMPBELL FALLIS: Honourable members, I was unavoidably absent from the House when the debate upon second reading of the Bill took place. Had I been here I should have joined forces with those who approved of the principle of the Bill, but asked that some amendments be made in committee.

Hon. Mr. CALDER: Hear, hear.

Hon. Mrs. FALLIS: I must say that after having given a great deal of thought to the matter I am entirely in agreement with the principle of the Bill. But, as it now stands, I cannot bring myself to vote for third reading, for the reasons that were stated, so much better than I could state them, by the right honourable leader on this side of the House (Right Hon. Mr. Meighen). I am in perfect accord with what the right honourable gentleman said, and it is not necessary for me to go over the ground that he covered. I felt that as one of the two representatives

of my sex in this House I should explain why I intend to vote against the measure in its present form.

Hon. J. A. CALDER: Honourable senators, I voted for the second reading of the Bill. It will be remembered that I raised points that have been mentioned this afternoon in the closing remarks of the right honourable leader on this side (Right Hon. Mr. Meighen). I felt that desertion for three years was far too short to be recognized as a ground for divorce, and also that the failure to define cruelty might result in all sorts of decisions with respect to it. I had hoped that the committee would take these points into consideration. I was speaking to the honourable senator in charge of this Bill (Hon. Mr. McMeans) and he told me that cruelty had been well defined in a great many decisions handed down by the courts over a long period of years. Nevertheless, my view is that if cruelty is to be a ground for divorce it should be so clearly defined that no error could be made about it. We know that judges are independent, and if there is no definition they may hold widely varying opinions as to what constitutes cruelty, despite the decisions that have been given. As the committee did not see fit to—shall I say?—attempt to amend the Bill with respect to the two points I have mentioned, I must vote against third reading.

Hon. A. B. COPP: Honourable senators, I feel that I should say a word or two in explanation of the vote that I shall be forced to give on this motion. I voted for second reading the other day on the understanding that the Bill would be sent to a special committee to be studied. A special committee was appointed, of which I was a member, and the Bill was considered, as honourable members know from the report. I felt very doubtful about the two paragraphs of section 6 referred to by the right honourable leader on the other side (Right Hon. Mr. Meighen) the other day and again this afternoon, and I was especially doubtful as to the wisdom of one of them, namely, that one which would make desertion for three years a ground for divorce. These paragraphs were considered in committee. What took place there, with regard to them cannot be stated, but I think I am not going too far in saying that the majority of the committee felt they should not be changed.

As this Bill is not a very urgent one, I think the suggestion made yesterday for postponement of the motion for third reading until next Wednesday might have been accepted by the sponsor of the measure (Hon. Mr. McMeans). Had that been done, a little more thought and study could have been given to it.

I intend to vote against the motion for third reading of the Bill as it now stands.

Hon. A. K. HUGESSEN: Honourable members, I rise only for the purpose of saying substantially what has been said by the right honourable leader on the other side (Right Hon. Mr. Meighen) and the honourable gentleman who has just spoken (Hon. Mr. Copp). I voted in favour of the second reading of the measure, hoping, as they hoped, that the committee might restrict to some extent the grounds for divorce set out in section 6. It seemed to me that those grounds were in some degree too broad and would perhaps open the door rather more widely than is advisable at the present time. Having voted for the second reading of the measure, I felt it was necessary for me to explain that I shall have to vote against third reading of the Bill as it is now worded.

Hon. H. H. HORSEY: Honorable members of the Senate, I feel that there are perhaps a few misunderstandings that we might be able to clear up with regard to the proposed additional grounds for divorce.

In the first place, it seems to me, we ought to consider what the purpose of marriage is. I think we all agree that it is to establish a home for the two parties, where love and affection should exist and where the children, if any are born to them, may be brought up in a proper atmosphere. Now, if with respect to any marriage there comes into existence any of the grounds mentioned in this Bill—and we think that the Bill specifies the minimum number of grounds—the marriage has broken down, the reasons which brought the parties together have disappeared. If one party has wilfully deserted the other for a continuous period of three years, he or she has probably taken up with someone else. The honourable the senior senator from Winnipeg (Hon. Mr. McMeans) has already mentioned cruelty, which, under the Bill, would become a ground for divorce. Cruelty is strictly defined by English case law. We are all opposed to opening the door to flimsy and frivolous grounds for divorce such as obtain in another country. I am confident that every member of this House is determined to maintain the marriage tie as it should be maintained. But when everything that makes marriage worth while is gone but the name, are we to refuse to do what is right by the innocent parties? Our purpose is to build up homes that have been destroyed because marriages have been wrecked and the

parties refuse to be reconciled. We want to give the children in such cases a fresh chance under regular home conditions.

With regard to the Scriptures, we know that passages can be quoted from the Bible in support of both sides of this question. But, as the right honourable gentleman (Right Hon. Mr. Meighen) has said, it is in the light of the whole Book itself that we must consider this matter. Common sense must prevail. As the Master himself said that the Sabbath was made for man, not man for the Sabbath, so may we say that marriage was made for man, not man for marriage. To meet cases where the institution of marriage has been wrecked and all that it stands for has disappeared, we feel that, as Canadians, we are only doing what is right and reasonable in supporting this measure in its entirety.

Hon. JOHN T. HAIG: Honourable members, I was not present when this Bill was given second reading, but, having had a few years of parliamentary experience, and having scrutinized the division and listened to the speeches delivered this afternoon, I am confident that unless the sponsors of the Bill are prepared to amend it the motion for a six months' hoist will carry.

Hon. Mr. McMEANS: No.

Hon. Mr. HAIG: That is the honourable gentleman's opinion. I have given mine. He has had more experience in this House than I can claim, but I doubt whether his parliamentary experience is any greater than mine. All honour to the gentlemen who are sponsoring this measure. Undoubtedly they have a greater experience of divorce than any other members of this Chamber. I gather from reading the debate on the motion for second reading that the members of the Divorce Committee are unanimously, or very nearly so, behind the Bill. Yet, notwithstanding their views, many of us feel that paragraphs (b) and (c) of section 6 should be deleted.

Anyone who has practised law knows that desertion is capable of a very flexible interpretation, and that three years is a very short period of time to constitute desertion. A court of law would, peradventure, accept absence for three years as proof of desertion, but many reasonable explanations could be given for such absence, especially under the conditions that we have been passing through in the last few years.

As to the ground of cruelty, I agree with the honourable the senior member from Winnipeg with respect to its legal definition, but I think it is not yet a ground for divorce in England, where, I understand, the new divorce law is not yet operative. Consequently there are as yet no precedents to guide our courts, and they will have to define what degree of cruelty constitutes a valid ground for divorce. Let me illustrate my point. Recently the Legislature of Manitoba passed legislation providing that in case of accident only gross carelessness on his part should render the owner of a car liable to indemnify the person riding with him, a gratuitous passenger. We had a good deal of trouble in getting our judges to define "gross carelessness," and the law was not clarified until a case went to the court of appeal. I submit that similar difficulty would arise with respect to a legal definition of "cruelty."

Again I suggest to the sponsors of the Bill that they agree to the deletion of paragraphs (b) and (c) of section 6. The judicial system of Great Britain is the standard of the world, and when the British courts have defined what constitutes desertion and cruelty we shall be in a better position to adopt these grounds for divorce. If the sponsors of the Bill will agree to amend the Bill as I have suggested, I shall vote against the motion for the six months' hoist; otherwise I shall vote for that motion.

Hon. Mr. McMEANS: The honourable gentleman who has just sat down is entirely mistaken as to the definition of cruelty.

Hon. Mr. KING: Are you closing the debate?

Hon. Mr. McMEANS: Cruelty has always been a ground for judicial separation in England and has been dealt with in many English cases; so that to-day there is a very clear definition of what constitutes cruelty. But you cannot by statute define cruelty; you cannot say that such and such an act amounts to cruelty. Even if an attempt were made to provide a statutory definition, no judge would accept it. The judge would be guided by the English decisions, which are binding. The question of allowing desertion as a ground for divorce was discussed in the British Parliament on various occasions over a period of three years, and ultimately the Bill, which originated in the House of Commons, was accepted by the House of Lords. I do not know what better authority than the British Parliament could be desired on this point.

When introducing this Bill I stated that we could not hope to draft a law to suit everybody. If we give the Bill third reading it will go to the House of Commons, where it may be amended in certain particulars. I have introduced the Bill as a remedy for what in my opinion is a great evil. I have

had many letters—I hesitate to mention this—thanking God there was a Senate in this country that would pass a law to relieve the sufferings of the writers of those letters.

Are we willing to allow conditions to continue throughout Canada which force people into immorality? Husband and wife separate; the husband goes and lives with another woman, and the wife associates with another man. That is desertion and immorality. Under the present law the only ground for divorce is adultery. To-day many of our judges hold the view that desertion should constitute a ground for divorce so that immorality may be prevented from spreading throughout the land. I could cite, of my own knowledge, cases in which the husband has deserted his wife and child and left them penniless. Consider the wife's position. She cannot have a male friend, for the neighbours would talk about it. In desperation she goes off and lives with another man. I feel very strongly that desertion for a period of at least three years is a proper ground for divorce. Surely if a husband or a wife stays away for three years there can be no doubt that it constitutes desertion. We had before the Divorce Committee recently a case in which a wife told her husband, a farmer, that she was going home to see her mother, but as a matter of fact she went over to Detroit to live with another man. Is there any reason why that husband should suffer indefinitely?

In such cases a question sometimes arises as to the legitimacy of the children and as to property rights. As we know, divorces obtained by Canadian citizens in the United States courts are not recognized in our courts. If the husband or wife divorced in the United States should marry again and have children, who is to inherit his or her property? The question of title to real estate is also involved. All disabilities arising in cases of this kind should be guarded against.

I should like to see the Bill go to the House of Commons for consideration and, if necessary, amendment. There is no doubt that there it will be just as fully discussed as it has been here. I think that for this reason the Bill should be given third reading now; but I am not insisting upon it.

Hon. G. GORDON: Honourable senators, in my opinion the greatest joker in the Bill is the paragraph providing that desertion shall be a ground for divorce. It seems to me that this in itself would encourage divorce. What a respectable way it would be for husband and wife to get rid of each other—going away for three years and then coming here for a divorce!

Hon. Mr. McMEANS: Will my honourable friend admit what such persons do to-day? The honourable gentleman from King's (Hon. Mr. Hughes) complains that in 80 per cent of the divorces granted by this Parliament the parties were guilty of collusion. If husband and wife want to get rid of each other, they resort to collusion.

Hon. Mr. GORDON: If that is already covered by the law, why add desertion as a ground for divorce?

Hon. Mr. McMEANS: Because we do not want collusion.

Hon. Mr. GORDON: As I have already said, paragraph (b), making desertion a ground for divorce, is the greatest joker in the Bill. It simply means that you provide the most respectable means for a couple to become separated. There is no scandal whatever; they retain their respectability after their divorce. I have no apology to offer for saying I am going to vote against the third reading of the Bill. If, as the right honourable leader on this side (Right Hon. Mr. Meighen) has suggested, paragraphs (b) and (c) had been stricken out—and I thought they would have been when the Bill was being considered in committee—my main objection would have been removed.

Hon. JAMES H. KING: Honourable senators, it seems to me, taking into account present-day conditions, not only in Canada and the United States, but throughout the world, that adoption of the suggestion of the honourable chairman of the Divorce Committee would be in the interest of the Canadian home. I have been a member of the Divorce Committee for the last three or four years. It is well within the knowledge of the members of that committee and of the other members of this assembly that under the present law the courts of Canada cannot function fully with respect to divorce. As a result many of our people seek divorce in other countries, and although such divorces are not accepted by our courts, the principals consider themselves free to remarry.

The recently enacted divorce law in Great Britain has been referred to. We know the position of the Established Church, the Catholic Church and the dissenting churches there, and we know that not one of them is in favour of divorce. But to-day there are conditions in England, and indeed throughout the world, that render it necesasry to regard divorce from the standpoint of common sense. My attitude on this question has been guided largely by the attitude of the British

Parliament. Both in the House of Commons and in the House of Lords the Divorce Bill was thoroughly discussed, and in view of conditions in regard to collusion and desertion—conditions that we know exist also in this country—that Bill was enacted. I would remind honourable members that the sponsor of the present measure has incorporated in it the additional grounds for divorce which will be law in Great Britain once the British Act comes into force.

Hon. Mr. HORSEY: It is in force now.

Hon. Mr. KING: Then we are by this measure simply adopting what is now law in Great Britain. Great Britain is a much older country than Canada, the people there are more conservative than we are, and I am prepared to accept their judgment in this matter. I firmly believe that this Bill would help to preserve the sacredness of marriage in this country, and would tend to prevent a still wider extension of the grounds for divorce by some of our provincial legislatures. I am confident that in this as in other matters we shall do well to follow the practice of the British Parliament. For the reasons stated I shall support the motion for third reading.

Hon. Mr. GORDON: Do I understand that the simple act of desertion is a sufficient ground for obtaining a divorce?

Hon. Mr. McMEANS: Yes.

Hon. Mr. GORDON: That is an encouragement to people to get divorces. Suppose a young man and a young woman get married and, as very often happens within a short time, they have some disagreement. Under this Bill they could arrange between themselves for one of them to go away for three years, and that would provide the ground for a divorce.

Hon. Mr. McMEANS: Is that not better than the present law, with all the collusion that takes place? Under the present law a man has to commit adultery in order that there may be a divorce.

Some Hon. SENATORS: Order!

Hon. Mr. GORDON: What I am saying is this—

Some Hon. SENATORS: Order!

Hon. NORMAN P. LAMBERT: Honourable members, may I, with some diffidence, make a suggestion? As one who has followed the entire debate on this question with a great deal of interest, I may say that I am heartily in favour of the principle of the Bill as expressed on the motion for second reading, and had intended to vote for the third reading. It seems to me that this House should not sacrifice its vote on the principle of the Bill to two details which should be capable of adjustment in order that what is contemplated by the Bill may be carried out. I feel very strongly that the opinion of the country is favourable to a more generous attitude towards divorce, and without giving further reasons for my position, I should like to move, if it is in order to do so, that the Bill be referred back to the committee for a reconsideration of the two subsections that have been referred to.

Right Hon. ARTHUR MEIGHEN: Honourable members, in this House, as I think we all understand, a Bill can be amended on the motion for third reading. Therefore I am going to vote against the amendment of the honourable member from Kennebec (Hon. Mr. Parent), which proposes the six months' hoist. If any honourable member so desires, he can then move that the Bill be amended by striking out subclauses (b) and (c) of section 6, and I shall support that motion. If such an amendment is proposed and defeated, the Bill will then be before the House for third reading in its present form. My only purpose in suggesting this is to expedite matters. I am sure the honourable leader opposite (Hon. Mr. Dandurand) will agree with me that this is the most expeditious way in which the real feeling of the House as respects the Bill can be ascertained and recorded.

Hon. Mr. McMEANS: Is it proposed to strike out desertion altogether?

Right Hon. Mr. MEIGHEN: If the amendment of the honourable senator from Kennebec is defeated, the motion for third reading will be before us, and then any honourable member can move as he may desire.

Hon. Mr. HORSEY: The Bill could be sent back to committee.

Right Hon. Mr. MEIGHEN: That could be done, or a motion could be made to eliminate any portion of it whatsoever. If a motion to eliminate these two clauses is adopted, the Bill will be amended accordingly, and will be before the House as amended.

Hon. Mr. McMEANS: The special committee met; everybody knew about it; but nobody appeared except the members of the committee. If the Bill is referred back, honourable gentlemen who have views to express will have an opportunity of placing them before the committee. I think that would be the best way.

Hon. Mr. COTE: As it was a special committee, the members at large did not know anything about the meeting.

Hon. Mr. ROBINSON: There were other committees meeting also.

Hon. Mr. McMEANS: Well, perhaps we should have a meeting so that honourable members, or others, could come forward and express their views.

Right Hon. Mr. MEIGHEN: I have no objection to the method proposed, but the one I suggested would be more expeditious.

Some Hon. SENATORS: Question!

Hon. RAOUL DANDURAND: Honourable members, I have been appealed to by my right honourable friend (Right Hon. Mr. Meighen) with respect to the proper procedure in this matter. I agree with him that we must first dispose of the amendment proposed by the honourable gentleman from Kennebec (Hon. Mr. Parent).

My situation is a somewhat difficult one. I voted against the motion for the second reading of the Bill, for reasons which I gave, and which are obvious to all honourable members of this Chamber. Having thus established my opposition to the Bill, I must vote against it at every stage. I am therefore obliged to vote for the six months' hoist.

Hon. Mr. CALDER: If the amendment of the honourable gentleman from Kennebec is carried, what is the position then?

An Hon. SENATOR: The Bill is gone.

Hon. Mr. CALDER: If the amendment is not carried, will the honourable gentleman have an opportunity to move the six months' hoist at a later stage?

Hon. Mr. PARENT: No.

Hon. Mr. CALDER: It seems to me that if the honourable gentleman withdrew his amendment now, and the Bill were sent back to the committee again, he would be in a position to move the six months' hoist later.

Hon. Mr. PARENT: I have taken my position, and I stand by it.

Hon. Mr. LITTLE: The six months' hoist can be moved on any motion for third reading.

Right Hon. Mr. MEIGHEN: Only once.

Hon. Mr. CALDER: It is the same motion.

Right Hon. Mr. GRAHAM: It would not be the same Bill.

Some Hon. SENATORS: Question!

The amendment of Hon. Mr. Parent was negatived on the following division:

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REFERRED BACK TO COMMITTEE

Hon. Mr. LAMBERT: Honourable senators, I am prepared to move, in amendment, seconded by the honourable the junior member from Winnipeg (Hon. Mr. Haig), that the Bill be not now read a third time, but that it be referred back to the special committee for reconsideration.

Right Hon. Mr. GRAHAM: Honourable members, should the instructions not be a little more definite?

Right Hon. Mr. MEIGHEN: That is the usual way.

Right Hon. Mr. GRAHAM: Yes. In referring a bill back to a committee, the procedure usually followed, though perhaps not in this House, is to give instructions to amend. If the Bill is simply referred back for further consideration, the whole matter is open for discussion.

Hon. Mr. COTE: Honourable senators, the special committee which considered this Bill was composed of fifteen members, every one

of whom voted for second reading. Judging by the discussion which we have heard this afternoon, only two of those proposed any amendment in committee, the honourable senator from Westmorland (Hon. Mr. Copp) and the honourable senator from Inkerman (Hon. Mr. Hugessen). If the Bill is referred back to the same committee for further consideration, without any instructions, there will be just a repetition of what has already been done: the committee will report the Bill without any amendment.

Hon. Mr. TANNER: How does the honourable gentleman know that?

Hon. Mr. MURDOCK: Does the honourable gentleman not think we all have absorbed some of the views that have been expressed this afternoon? If any relief is to be given under a divorce measure, perhaps we had better not be too harsh at the start.

Hon. Mr. COTE: I am very glad that the honourable member is showing some good disposition.

Some Hon. SENATORS: Question!

The amendment was agreed to.

CIVIL SERVICE BILL

SECOND READING

Hon. G. LACASSE moved the second reading of Bill 3, an Act to amend the Civil Service Act.

He said: Honourable senators, I have been asked by the sponsor of this measure in another place to move second reading, and I do so with much pleasure. I do not think much explanation is necessary. The Bill adds a proviso to section 20 of the Act, and I think this proviso is well inspired. It is intended to give fairer treatment to certain members of the Civil Service. The object of the measure is to provide that all employees of the Federal Government appointed to positions within a province, or transferred from one province to another, shall be qualified to use the language of the majority of the persons with whom they come into contact. So far as I can see, it will affect very few employees except in one province. I would point out for the information of honourable members that this new proviso was unanimously approved in another place. I think the proper course to follow would be to move, after second reading, that the Bill be referred to the Standing Committee on Civil Service Administration.

Hon. Mr. GRIESBACH: I should like to ask my honourable friend a question or two. I assume the Bill is intended to remedy some existing wrong.

Hon. Mr. LACASSE: Yes.

Hon. Mr. GRIESBACH: And did I understand my honourable friend to say that wrong is confined to the province of Quebec?

Hon. Mr. LACASSE: Mostly so.

Hon. Mr. GRIESBACH: Let me draw my honourable friend's attention to another aspect of the matter. In the city of Edmonton we have a post office employing between two and three hundred persons. Among them are a number of French-speaking men whom I have known and grown up with since boyhood. The French population of Edmonton is somewhat less than five per cent. According to this Bill, which requires federal employees to speak the language of the majority of the persons with whom they have to deal, all the workers in that post office would have to speak English. Any person who wanted a job there would have to be examined in the English language, and if unable to pass in that language he could not be appointed. That is an aspect to which I think the promoters of the Bill should have given some thought, because it would mean closing a source of employment to French-speaking persons.

I draw the attention of the promoters to another aspect, which is not strictly confined to the wording of the measure. If this amendment is passed and enforced, French-speaking civil servants will be unable to get employment outside those parts of Canada where French is the language of the majority. I am not quite sure of my figures, but I think the French-speaking population of Canada is about one-third of the whole. The terms of this Bill would prohibit civil servants who speak French from receiving appointment in, or promotion or transfer to, any place where the language of the majority is English. In other words, the Bill would destroy two-thirds of their opportunities for appointment and advancement. That is something to think about.

Right Hon. Mr. GRAHAM: I see something in the point made by my honourable friend, and it occurred to me when I read the Bill. The object is to remedy a wrong against some people, but the result may be the committing of another wrong against them. In northern Ontario there is a large French-speaking population; in some parts up there the majority speak French. If this Bill passed, French-speaking civil servants would be able to secure appointment there, but, as my honourable friend points out, they would not be eligible for promotion which necessitated their transfer to any place where English was the language of the majority. Now, there are

persons whose native tongue is French, but who speak English just as fluently, and there are others whose native tongue is English, but who are equally at home in French. Such persons are now eligible for promotion in any part of Canada, but if this measure were enforced in its identical terms they might suffer an injury.

I understand the intention is to refer the Bill to a committee. It can be discussed there by departmental officials, and, if necessary, some representatives of provincial departments of education might be heard. It is hoped the committee will make it clear that no man or woman in Canada is to be deprived of the right to promotion on account of his or her native language.

Hon. Mr. DANDURAND: Honourable senators, I think the point raised by my honourable friend from Edmonton (Hon. Mr. Griesbach) has not very great merit, for the principle of this Bill is sound. An employee of the Dominion Government should speak the language of the majority—

Hon. Mr. GRIESBACH: The majority of what?

Hon. Mr. DANDURAND: The majority of the persons with whom he is required to do business. But that does not make him ineligible for transfer or promotion to a place where the other language is spoken by the majority of persons with whom he would be required to deal, if he is able to speak that language also. An employee who speaks either French or English and is sent into a region where his language is that of the majority, would not be handicapped under this Bill. If he desires promotion to a place where the language of the majority is different, he will see that he qualifies in that language. An employee who can speak only French, for example, would surely not be expected to receive promotion to a place where the people he would be required to serve speak nothing but English. And vice versa. That is the kernel of the principle of this measure—that the employee must speak the language of the people whom he serves.

I have known some departments to send to a place persons incapable of speaking the language of the people there. I will give an instance or two. For the purpose of testing cows in the county of my honourable friend from Rigaud (Hon. Mr. Sauvé), someone in the Department of Agriculture sent an employee who could not speak a word of French. As he went from village to village he was obliged to call upon some person to act as interpreter. Imagine a similar thing being done in an English county!

Hon. Mr. GRIESBACH: That is just stupidity.

Hon. Mr. DANDURAND: Yes, I call that stupidity.

Hon. Mr. GRIESBACH: You cannot cure stupidity by legislation.

Hon. Mr. DANDURAND: The minister or the deputy minister is perhaps not to be blamed in such cases. Some time ago I was telephoned by a firm to whose office two men had been sent to make a check for purposes of sales tax or income tax. They spoke nothing but English, while all the firm's book-keeping was in French. The firm did not object to having its books examined, but thought the examination should be done by someone who could understand the language in which the entries were made. I was told that those departmental representatives were making themselves a nuisance by constantly requiring translations. I telephoned to Ottawa and within half an hour they were withdrawn. Here again there was stupidity on the part of someone.

The principle recognized by this Bill is that a civil servant must be qualified to serve the people with whom he comes into contact. As I have said, I believe the Bill cannot do any harm to anyone who is qualified to use the language of the majority of the persons where he is employed. He may naturally qualify to serve in any centre. To meet the conditions, as I have explained, this Bill was unanimously passed by the House of Commons.

Hon. Mr. CALDER: Honourable senators, there is another feature, and I doubt whether it has been taken care of. I will read the proposed amendment of section 20:

> Provided that no appointment, whether permanent or temporary, shall be made to a local position within a province, and no employee shall be transferred from a position in a province to a local position in the same or in another province, whether permanent or temporary, until and unless the candidate or employee has qualified, by examination, in the knowledge and use of the language of the majority of the persons with whom he is required to do business: provided that such language shall be the French or the English language.

My point is this. What are you going to do in the case of a community that is 60 per cent English and 40 per cent French? This amendment does not take care of such a situation. Forty per cent of all the people in a community with whom the employee is doing business are not taken care of, for he is required to have only a knowledge of the language of the majority, and the minority can go to the deuce. That, surely, is not

right. It seems to me that in the case of a mixed community, at least where the minority is a substantial minority, it should be provided that the person appointed shall be able to serve all the people, not a majority only. I trust that feature of the proposed amendment will be considered if this Bill is referred to a committee.

Hon. Mr. GRIESBACH: If a person wants to become a civil servant he must, as we interpret the Act in our part of the country, take his examination in French or English. Under this Bill the examiners will have to take cognizance of the fact that the proportion of French people is very small, and the only person they can appoint is the one who takes the examination in English. As a result, all those candidates who want to be examined in French are automatically out of the running. Throughout all the West that will be the case: no more candidates can be examined in French; all must be examined in English.

Hon. Mr. DANDURAND: Unless the candidate asks to be examined in the two languages.

Hon. Mr. GRIESBACH: Not under this Bill.

Right Hon. Mr. MEIGHEN: Then, if that is the case, the object of the Bill could be defeated right in Quebec. The Bill seeks to confine appointments to those who take the examination and show proficiency in the language of the majority. I shall not oppose the Bill. I am in whole-hearted sympathy with its purpose; and, especially as it has been passed unanimously by the House of Commons, I should never think of declining to have it referred to committee. But what the honourable member (Hon. Mr. Griesbach) says is right. There are several other things which ought to be taken into account by the promoters of the Bill. It is just too bad that what is sought to be effected cannot be taken care of by regulations and left to the common sense of the Civil Service Commission and the departments. With all deference to my honourable friend (Hon. Mr. Dandurand), I think pretty good common sense has been used right along, both by the Commission and by the departments. You never can legislate to prevent stupid errors. Persons will continue to be stupid and make mistakes. The city of Edmonton has a considerable French population in the northeast. Suppose some young fellows want to get into the Government service. They may know a little English, but they cannot take the examination in English and qualify. But even if they could, they might never have to speak English for a year and a half or two years after they got into the service. In the Customs or the Post Office they would not deal with the public particularly. As they advanced in their positions they would, but at first they would not need to be proficient in English at all. I can remember instances in Portage la Prairie where, if this proposed law had been in effect, a young fellow could not have entered the Civil Service at all. I know communities where, if this Bill goes into effect, the candidates will have to be proficient in French, but will not be required to know a bit of English, and yet, though the great bulk of the population is French, the officers will to a great extent be dealing with English-speaking persons.

Hon. Mr. LACASSE: With all due respect to my right honourable friend, I should like to quote from the official report of the Civil Service Commission issued in 1934, where I find this principle enunciated, which to my mind should be the guiding principle in a case such as the one just mentioned:

> The Commission appreciates the fact that where there is a mixed population of French and English, both sections of the community are entitled to facilities for transacting their business in their own tongue.

I think that principle should be followed.

Right Hon. Mr. MEIGHEN: Yes.

Hon. Mr. LACASSE: The adoption of this Bill would give greater authority to whoever is appointed to administer the Act to follow that principle and so avoid such stupid errors as were mentioned by my honourable leader.

Hon. Mr. ASELTINE: They have that power already.

Right Hon. Mr. MEIGHEN: They have absolute power now.

Hon. Mr. LACASSE: But for some reason it has not been exercised.

Right Hon. Mr. MEIGHEN: Yes. The limitation stated so clearly by my honourable friend from Edmonton (Hon. Mr. Griesbach) is perfectly plain. This Bill is going to prevent those young fellows from getting positions in the Civil Service. I am not going to oppose the Bill, but I put that fact before my honourable friend. I do not believe you would get better results by this amendment. I think what is desired might better be effected by regulations of the Commission than by any statutory enactment. Every statute hammers both ways; it must do so. If after consideration my honourable friend wants the House to accept this Bill I shall certainly not stand in his way. I should like to contribute something to the development of both languages in this coun-

try. I have tried to contribute a little to this end—though it may have been very little. Do not think I am against qualification in both languages. I am far from opposing it.

Hon. Mr. LACASSE: I hope my right honourable friend does not for one moment think I question his sincerity. I happen to live in a district where there is a mixed population and the situation could fairly be compared with that which exists in Edmonton. Knowing my people as I do, I cannot think this Bill will jeopardize their chances of promotion, or limit their qualifications as candidates for the Civil Service. Judging from my own district, I feel satisfied that nearly everybody there is sufficiently conversant with the English language and will have just as good a show as anybody else when taking examinations.

Right Hon. Mr. MEIGHEN: They are pretty good in English there.

Hon. Mr. LACASSE: We find they are too good, to the detriment of the other language. Anyway I do not think this Bill will jeopardize their chances at all. I fancy similar conditions exist elsewhere. I accept the views of my honourable friend with an open mind. I think the points are well taken and I have no doubt they will be discussed when the Bill is in committee.

Hon. Mr. GRIESBACH: The postman who has been delivering my mail in Edmonton for the last eight years is a French Canadian. He could not have passed an examination in English at the time he was appointed, nor could he to-day. On his route in the west end of Edmonton there are not more than half a dozen French-speaking persons, but everybody is satisfied with him.

Right Hon. Mr. MEIGHEN: He is a good man.

Hon. Mr. GRIESBACH: Yes, he is a good man. He gets the mail out. Under this Bill he could never have entered the Postal Service.

Hon. Mr. DANDURAND: Does my honourable friend suggest that we give the Bill second reading and refer it to a standing committee?

Hon. Mr. GRIESBACH: I do not like the principle of the Bill.

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

REFERRED TO COMMITTEE

On motion of Hon. Mr. Lacasse, the Bill was referred to the Standing Committee on Civil Service Administration.

SOLDIER SETTLEMENT BILL

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 33, an Act to amend the Soldier Settlement Act.

He said: Honourable senators, the Soldier Settlement Act has been frequently amended. This Bill contains two further amendments. The purpose of the first is to reduce the rate of interest from 7 per cent to 5 per cent. Subsection 2 of section 66 of the Act reads:

> Notwithstanding anything to the contrary in this Act, if the settler fails or neglects to pay any lawful rates, taxes or assessments, or to keep such property insured as aforesaid, then it shall be lawful for the Board to pay such rates, taxes or assessments, or to insure such property as aforesaid, and all moneys expended by the Board with interest at the rate of seven per centum per annum computed from the time of advancing the same shall be repaid by the settler. . . .

By this amendment we reduce to 5 per cent the rate of interest he would have to pay.

The second amendment bears on clause 73, which says:

> Any settler or person indebted in respect of any contract or agreement made prior to the first day of January, 1933, under the provisions of this Act, who after the thirty-first day of March, 1933, and up to and including the thirty-first day of March, 1938, makes payment in respect of any arrears or of any instalment due and payable within the said period shall, subject to the provisions of this section, receive credit toward payment of arrears or on the balance of such instalment or on any other such instalment for a further sum equal to the payment made.

The period is extended to the 31st day of March, 1941.

That is all there is in the Bill. I move the second reading.

Right Hon. ARTHUR MEIGHEN: Honourable senators, I have read the provisions of this Bill as carefully as I could. I believe it was the intention of the original Act that the rate on taxes and insurance charges paid by the Soldier Settlement Board should be 5 per cent, but there was a clause which justified a rate of 7 per cent.

The second section of the Bill merely extends the time within which any soldier settler paying arrears accrued before a certain date four or five years ago is given a dollar bonus for every dollar he pays on the arrears. This is a practice such as has been adopted by many companies, and other sufferers, because of the difficult times, particularly in the West. I think it is too bad that it is to be applied generally, because there are districts where it is not justified, where it is just a straight gift and encourages not only indifference, but

actual dishonesty on the part of the settler. Under government operation I do not suppose this can be helped. You cannot very well put through a Bill enabling the board to use its judgment, for it might exercise that judgment with other considerations than fairness to the settler. But if a private company or person could carry on this operation it would be done infinitely better than any government board can do it.

Why should all settlers get a low rate like 5 per cent because they will not pay their taxes? The result of such a system is that they finance at the expense of the Government. A fellow who is only half good is not going to pay his taxes when all he has to pay is 5 per cent; he will not even pay the arrears. He knows that under this Bill he is all right until 1941. He will get the money and pay later on—

Right Hon. Mr. GRAHAM: Maybe.

Right Hon. Mr. MEIGHEN: —if he has any thought of paying at all.

This illustrates the fact that there is no more ludicrous proposition than that Government can handle these things as well as private enterprise. If some of these people who are always preaching that the Government should get into social service could see the handicaps under which a Government operates, and if they had any brains at all, they would abandon the awful delusion. Here is a board struggling with this problem, but, being a government board, it is bound by rules backward and forward, left and right, even if supposed to be actuated by the best intent and to possess the very best brains and capacity. Under government operation the work just cannot be done well.

Hon. Mr. DANDURAND: On a number of occasions we have had a full discussion of the operation of this Act before the Committee on Banking and Commerce. I confess that at times I was somewhat prejudiced against the looseness with which we were proceeding in extending privileges to these debtors; but after examining the officials charged with the work I realized that they were working very intelligently—

Right Hon. Mr. MEIGHEN: Oh, they are very good men.

Hon. Mr. DANDURAND: —both in Ottawa and in the field.

Right Hon. Mr. MEIGHEN: But they cannot use their judgment.

Hon. Mr. DANDURAND: I realize it is very difficult. Of two men on opposite sides of the road, one has the capacity to produce and to do well, and the other is not in the same class.

Right Hon. Mr. MEIGHEN: He leans on the Government.

Hon. Mr. DANDURAND: I move the second reading of the Bill.

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

THIRD READING

Hon. Mr. DANDURAND: Does the right honourable gentleman suggest that the Bill should go to committee?

Right Hon. Mr. MEIGHEN: I do not see any object in sending it to committee.

Hon. Mr. DANDURAND: Then I move the third reading of the Bill.

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

WAR VETERANS' ALLOWANCE BILL

MOTION FOR SECOND READING—DEBATE ADJOURNED

Hon. J. H. KING moved the second reading of Bill 35, an Act to amend the War Veterans' Allowance Act.

He said: Honourable senators, the question of war veterans' allowances has been before this House on two occasions; first in 1930, and then in 1936. When the pension legislation was first brought before Parliament it was generally considered, I think, among those who had been dealing with soldier problems, that under our Pension Act the soldier who was to secure benefits must have sustained his disability, either a wound or a deterioration in health, as a result of war. We did not have in this country a great body of men who had been engaged in warfare, and we set up our Pension Act to cover veterans who had seen service. But as time went on we found from year to year that there was a large group of men whose medical records did not show that they had been under treatment, but who had sustained disabilities through illness. It was a question how that group should be taken care of—whether the Pension Act should be extended in such a way as to make it generally applicable to the Canadian army.

The Canadian War Veterans' Association, which views with great interest all legislation relating to war veterans, has never suggested that there should be a general pension for men who served in the Great War.

Between 1926 and 1930 I had occasion, as Minister of the department, to make a study of this problem. I called into conference

the members of the Pension Board and suggested to them that it was opportune and necessary to take care of men who had served in a theatre of war, but who could not secure pensions under the existing pension legislation, and that some provision should be made for them after they had reached the age of 60. There had been legislation in Canada providing pensions for the civilian population at the age of 70, but this large group of veterans could not wait until they had attained that age, and some provision had to be made for them. A very careful inquiry was made by the departmental officials, and it was estimated that these men could be taken care of by means of allowances to veterans who had served in a theatre of war. They were pressing not only the Pension Commission but the Government generally for a recognition of their right to pension.

In 1930 we brought down what was known as the War Veterans' Allowance Act. That Act has taken care of a large group of men and has been of great benefit to them, and, probably, to the people of Canada. A very careful survey was made for the purpose of ascertaining the ultimate cost of allowances of this character. I am pleased to say that we have kept within the estimates then made.

We are now undertaking to enlarge the activities of the board. This will involve additional cost. The first amendment will bring in men who served in the South African War. They will be entitled to the benefits available under the Veterans' Allowance Act. It is estimated that 7,366 men left Canada to go to South Africa, but that only 5,325 of them saw service on land during the campaign, the remainder having arrived subsequently to the cessation of hostilities or never having landed at all. It is estimated that those now living number about 3,500. At least half of that number served in the Great War and would come under our pension laws or the present Veterans' Allowance Act.

Hon. Mr. GRIESBACH: I think the honourable gentleman made a mistake in saying they would come under the pension laws. Did he not mean to say they would come under the War Veterans' Allowance Act?

Hon. Mr. KING: My honourable friend is quite right. It is considered that the expenditure involved would be some $30,000 to $50,000 in this regard.

Hon. Mr. BLACK: May I ask the honourable gentleman a question? The number of South African veterans who he says come under the present Act includes even those who did not land in South Africa?

Hon. Mr. KING: No; it includes only those who served.

Hon. Mr. BLACK: I thought it included all.

Hon. Mr. KING: No.

Hon. Mr. BLACK: It does not include those who sailed from Canada, but did not land?

Hon. Mr. KING: No. This enactment follows the British practice with regard to South African veterans: it applies only to those who landed and served in South Africa.

The second amendment—in dealing with it I shall be brief, for it is nearly six o'clock—provides for enlargement of the board. There have been three members, but the work of the board will be so increased because of these present amendments that it is felt two additional members should be appointed.

I pass on to the fourth amendment.

Under the Act of 1930 a veteran of sixty might make application for an allowance if he was incapacitated and not able to perform work that would give him an ordinary living. The Act provided for a married veteran, who had served in a theatre of war, a maximum payment of $40 a month if he had reached the age of sixty or was so disabled as to be permanently unemployable. The maximum rate payable to a single veteran in the same circumstances was $20. In addition, the married man could receive $20 and the single man $10 per month from other sources. It is now proposed to broaden the Act so as to give the board greater liberty to deal wih men between the ages of, say, fifty and sixty. Take the case of a man who served well overseas, had a good record as a soldier, and has not been able to get employment. His physical condition is such that no medical man will give a certificate that he is permanently incapacitated for work. But if the board, which knows his record, feels that he should be granted an allowance, it will have power to grant him one, under this amendement.

The Veterans' Assistance Commission, which was appointed in 1933 or 1934, I think, reported recently that there were unemployed throughout the Dominion approximately 15,000 veterans who had served in a theatre of actual war and were unprovided for by pension. They classified these veterans into three groups: fit, partially fit, and unfit. More than 10,000 of them were classified by the Commission as being fit, and 5,171 as partially fit and as unfit. It is for this group of just over five thousand veterans that the amendment contemplates making provision, subject, of course, to investigation and approval

by the board. The anticipated annual cost is about $2,000,000.

I am told by the Minister and also by officials that under this proposed legislation there will be an increase in payments as these veterans approach the age of sixty, but that from now on there will be a decrease in pension payments for war disabilities, and that one class will pretty well balance the other.

It is my intention, after the Bill has been given second reading, to move that it be referred to the Committee on Banking and Commerce, where the whole matter can be thoroughly discussed.

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

DIVORCE BILLS

SECOND READINGS

On motion of Hon. Mr. McMeans, Chairman of the Committee on Divorce, the following Bills were severally read the second time:

Bill F1, an Act for the relief of Dorothy MacFie Safford Dale.

Bill G1, an Act for the relief of Alice Temple Jamieson Adair.

Bill H1, an Act for the relief of Gladys Kathleen Crook O'Sullivan.

Bill I1, an Act for the relief of Geraldine Estelle Bamford.

Bill J1, an Act for the relief of Charles Marie.

Bill K1, an Act for the relief of Rosamond Cheriton Stoyle MacDonald.

THIRD READINGS

The Hon. the SPEAKER: When shall these Bills be read a third time?

Hon. Mr. McMEANS: I would move, with the leave of the Senate, that they be read a third time now. They are cluttering up the Order Paper.

The motion was agreed to, on division, and the Bills were read the third time, and passed.

The Senate adjourned until Tuesday, March 29, at 8 p.m.

THE SENATE

Tuesday, March 29, 1938.

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

Prayers and routine proceedings.

ELECTRICITY AND FLUID EXPORTATION BILL

FIRST READING

A message was received from the House of Commons with Bill 21, an Act to amend the Electricity and Fluid Exportation Act.

The Bill was read the first time.

INSPECTION AND SALE BILL

FIRST READING

A message was received from the House of Commons with Bill 30, an Act to regulate the inspection and sale of binder twine and to establish weight of bushel for certain commodities commonly sold by the bushel.

The Bill was read the first time.

Hon. Mr. DANDURAND moved that the Bill be placed on the Order Paper for second reading on Thursday next.

Right Hon. Mr. MEIGHEN: Honourable senators, it is not customary to speak at this stage, but on reading this Bill it occurred to me there was no reason why the weights and measures legislation of this Parliament should not all be in one statute. This Bill refers, not to the Weights and Measures Act, but to some special Act relating to binder twine, repeals some of its provisions, re-enacts others, and adds some new provisions on the whole subject dealt with as weights and measures. It seems to me very clumsy work. Why not accomplish the purpose by amending the Weights and Measures Act and then repealing the special Act that is dealt with by this Bill? I make this suggestion so that it may be considered by the Minister before the Bill comes up for second reading.

Hon. Mr. DANDURAND: I thank my right honourable friend for drawing my attention to this feature of the Bill. As to the details of the measure I know nothing at the moment: that was my reason for asking that second reading be taken on Thursday. Meantime I shall examine into the suggestion of my right honourable friend and shall consult with the department from which the Bill emanates.

SEED GRAIN LOANS GUARANTEE BILL

FIRST READING

A message was received from the House of Commons with Bill 78, an Act to assist the provinces of Alberta and Saskatchewan in financing the cost of seed and seeding operations for the crop year 1938.

The Bill was read the first time.

TRIBUTES TO THE LATE SENATOR FRIPP

On the Orders of the Day:

Hon. RAOUL DANDURAND: Honourable members of the Senate, it is my painful duty to bring to your attention the sudden decease of the Honourable Mr. Fripp, who passed away on Saturday last.

Before his entry into this Chamber I had not come into contact with our departed friend, but had heard of him as a brilliant member of the Bar and a very popular and esteemed citizen of Ottawa. I have read the encomiums which appeared in the press of this city and elsewhere, and am not surprised at what was said in them about our late friend. He not only sat in the Ontario Legislature as the elected representative of the people of Ottawa, but later came to the House of Commons and represented them there for two parliaments. After his appointment to the Senate I saw enough of him to realize that he had all those qualities which place a man high in the esteem of his fellow-citizens. He possessed kindliness to a high degree, and in his personality there was a special charm such as is more often given to members of the other sex. He had a kindly smile, a quiet dignity and a pleasant look which made all who met him feel that they were facing a gentleman of refinement and understanding.

When he came here he was already suffering from the disease which brought his life to a close. This made him, so to speak, a looker-on in this House rather than a participant in our debates. Not having had any contact with him either at the Bar or in the House of Commons, I feel that my right honourable friend (Right Hon. Mr. Meighen), who sat with him in the House of Commons, will be better able than I am to give expression to the thoughts which I have tried to voice, and that he will join with me in extending our sympathy to the family of our deceased colleague in the loss they have sustained.

Right Hon. ARTHUR MEIGHEN: Honourable members, friends of the late Senator Fripp will be grateful, I know, to the leader of the House for his kindly and generous references.

My acquaintance with A. E. Fripp goes back to 1908, the year in which he entered the Legislature of Ontario and I entered the House of Commons. Any man who reaches three houses of parliament in our country has qualities which command attention. I do not know that the outstanding features of Senator Fripp's personality could be more accurately located or better defined than they have been by the honourable leader of this House. The late senator had personal attractiveness and charm. He had a kindly feeling for his fellows. In his professional career he developed a marked capacity for ascertaining the feelings of juries and the whims of judges, and he well knew how to handle the interests of his clients when in the presence of either a jury or a judge. He achieved a position of very considerable credit at the Bar of Ontario.

Mr. Fripp was distinctly an Ottawa man. It would be difficult indeed for anyone representing the city of Ottawa in Parliament to be otherwise. The onus that falls on such a member is an exceedingly heavy one. I doubt whether anything in the cares of a member of Parliament brings more anguish than the particular kind of burden which Mr. Fripp had to sustain. He bore himself well. For three years he sat in the Ontario House, for ten years in the House of Commons, and for four years in the Senate of Canada.

We all witnessed with distress the gradual failing of his health, so evident in his appearance for the last two or three years, and yet it was with a shock we heard a few days ago, that he, by no means an old man, had passed away.

> Time, like an ever rolling stream,
> Bears all her sons away.

As the years pass they steal from us one by one, and I fear we must admit that life becomes increasingly lonesome.

With the honourable gentleman who leads this House (Hon. Mr. Dandurand) I join in expressing to Mr. Fripp's invalid widow, who has suffered much of physical pain, and to his heroic daughter, our sincerest sympathy.

Hon. L. COTE: Honourable members, it would be pure futility on my part to endeavour to add anything to the expression of our common feelings which has just been so eloquently given by the honourable leaders of this House on this mournful occasion. On the other hand, I hope that honourable members will forgive me if I do not remain silent, but attempt to voice—inadequately, I know, but most sincerely—the sadness which at this moment flows from my heart to my lips.

I had not known Senator Fripp for as long a time as had the right honourable the leader on this side of the House (Right Hon. Mr. Meighen), but I had the honour of making his acquaintance twenty-eight years ago. From that acquaintance there developed a friendship which became stronger and greater as I passed from adolescence to man's estate, and which has endured ever since. I was a law student when the late Senator Fripp was

a member of the Legislature of the province of Ontario, as well as a leader of the Bar of this city, where his convincing eloquence, particularly in jury trials, served so well his love of justice. From that early period of my life, now so remote that the mists of time already dim the clearness of remembrance, no recollection is clearer than that of our departed colleague as he then was. He was life exuberant and loyalty incarnate. Of that life and loyalty he has since given in bountiful measure to public service.

Senator Fripp entered this House in 1933, at the same time as I did. Unfortunately, within a short period after his appointment he began to feel the symptoms of lassitude and fatigue which were to develop gradually into the ailment that brought about his death. Thus we in this House were deprived of the brilliant and useful collaboration which he otherwise would have given to our deliberations.

Now he has traversed that momentous though brief space of time required for the passage of human life into eternity. I have risen as a colleague from the city of Ottawa to deposit on his grave a tribute to an old and cherished friendship, and to express a deep sense of loss because he will no longer be with us. May I also express my deepest condolence to the bereaved but very brave members of his family who survive him, his wife and his daughter.

CANADA'S RAILWAY PROBLEM

DEBATE CONTINUED

The Senate resumed from Wednesday, March 23, the adjourned debate on the motion by Hon. Mr. Beaubien:

"That, in the opinion of the Senate, the Government should be urged to settle the railway problem of Canada at an early date in order to stop the ruinous loss made each year by the Dominion through the Canadian National Railways, and which already amounts to several billion dollars."

And the amendment proposed by Hon. Mr. Black:

"That all words after 'that' in the first line be stricken out and that there be substituted therefor: "a committee of the Senate be appointed to inquire into and report upon the best means of relieving the country from its extremely serious railway condition, and financial burden consequent thereto, with power to send for persons, papers and records and that said committee consist of fourteen senators."

And the sub-amendment proposed by Hon. Mr. Murdock:

"That all the words after the word 'upon' be struck out and the following substituted therefor: "the enormous cost of Canadian railways to the people of Canada, and to recommend to this Senate some plan whereby the taxpayers of Canada may be relieved, and be assured of a first charge guaranteed return of not less than $75,000,000 per year upon the debt and interest charges of the Canadian National Railways while, at the same time, following the highly-spoken-of British plan of conserving to railway employees their positions without undue hardship.' "

Hon. A. MARCOTTE: Honourable members of the Senate, my remarks in the present discussion will be confined mostly to the expression of a wish. In his powerful address the other day the right honourable leader on this side (Right Hon. Mr. Meighen) complained that the public was not educated to the point where unification of our railway system would be possible if unification were the only salvation. The right honourable gentleman also stated that he was sorely disappointed in the result of State management of our National Railways. May I say that if I am sorry because of this state of affairs I am not disappointed, for I never believed and do not believe yet that State operation would be successful, especially in a democratic country such as ours.

Hon. Mr. CASGRAIN: Hear, hear.

Hon. Mr. MARCOTTE: There are three cardinal reasons for the lack of success of State operations: (1) money is easy to secure for any purpose of construction or development, whether needed or not; (2) extravagance and waste predominate in operations; (3) there is an absolute disregard of the necessity and means of repayment of borrowed moneys.

I do not believe in the unification of our railways, for many reasons, which I do not need to state in these remarks. However, it may be interesting to quote several questions placed before the public by the Hon. Dr. Manion in a speech delivered by him before the Canadian Club of Toronto two or three years ago. He said:

I am going to put a series of questions which I want somebody to answer. Tell me what are the answers. Every one of these twelve questions should be answered before you business men decide amalgamation is a good thing.

Hon. Mr. DANDURAND: What was the date of that speech?

Hon. Mr. MARCOTTE: Unfortunately I do not know the date, but I think it was delivered in the last year Dr. Manion was Minister of Railways.

Hon. Mr. BALLANTYNE: In 1935.

Hon. Mr. MARCOTTE: I will get the information if my honourable friend desires it. Dr. Manion went on:

These are the questions:

(1) Are the amalgamated railways to be under private or under Government control?

(2) How much saving can be made by amalgamation under present traffic conditions?

(3) If, by amalgamation, savings are made, in what proportions are these savings to be divided between the Canadian National and the Canadian Pacific?

(4) How much capital expenditure will be necessary to effect the physical union of the two railways, such as the uniting of terminals, and how will the money be raised?

(5) If the Canadian National is to be absorbed by the Canadian Pacific, how much of the present deficit of $50,000,000 is the Canadian Pacific ready to absorb? Certainly not the whole of it—probably not half of it—but surely we should have some estimate. Will the Canadian Pacific guarantee to absorb any stated portion of the deficit? If the Canadian Pacific states it will, and then fails, what could we do about it?

(6) If, on the other hand, the Canadian Pacific is brought under Government ownership, are the bondholders of the Canadian Pacific to be guaranteed their interest, and would the holders of common stock expect to be guaranteed dividends? Or are all the security holders willing to throw in their lot and take chances on the result?

(7) In case of amalgamation will the Canadian Pacific put in all its assets (such as steamships, express, hotels and land) or only part of them?

(8) What is to be done about the settlers and industries, and towns and terminals, on lines to be abandoned? Are they to be compensated? If so, how much will it cost? Are they to be moved? If so, where?

(9) Where railway terminals or shops or towns are closed up through union, are those affected, who located there in good faith, to be compensated? Or do they become wards of the State—on relief, in other words, like many of our industrial workers to-day?

(10) As the estimated savings necessarily must be made out of railway operating and maintenance expenses, and as from 60 to 65 per cent of such expenses are made up of labour, what provision is proposed to provide for these displaced wage-earners until they can be absorbed into other industries?

(11) Should not these questions be answered, or are we to decide on amalgamation, or unification, first and get the answers, good or bad, afterwards? Or are we to be stampeded into doing something—anything—going somewhere—anywhere? Has not that been our trouble in the past?

(12) Finally, is this the time—at the bottom (or near it) of the financial crisis—for a final decision on this very important question?

The Duff Commission, which won the praise of every citizen of this country, pronounced itself against the unification of railways, but recommended co-operation. I believe in co-operation and fair competition, and both are possible at the same time. In England this has been proved, to the utmost satisfaction of the public at large, in recent years.

I said that I wanted to express a wish, and I do so. I do not see any reason for the appointment of a special committee to study this question. We have a Railway Committee, ably presided over by a well-informed former Minister of Railways. Every senator who is not a member of this committee has a right to attend its meetings and take part in deliberations, though not to vote. But the most important point is not whether we have an inquiry made by our Railway Committee or a special committee. What is most important is to have an inquiry and have it made publicly. The widest and fullest publicity should be given to the proceedings of whatever committee conducts the inquiry, and to the representations made by interested public bodies as well as by the managers and operators of our railways and the experts called to enlighten members of the Senate, so that the public may have a chance to learn of the true situation of our railways, including the causes of deficits in operations, and the facts with respect to unnecessary construction, ships and certain railway branches, things which have helped to create the immense debt now existing. The people have to be educated. Give them a chance to learn and to know, so that we may have the support of public opinion on this matter.

In 1925 a special committee of the Senate was appointed to study this same problem. But it sat behind closed doors. The committee is said to have secured a lot of valuable information. Did the public get it? Never. Resolutions were passed. But what good could they be when the public did not know what they were based upon?

We should not repeat that mistake. The present situation is a serious one, with very grave consequences. This Chamber is considered as the safeguard of the rights of Canada and of her citizens, also of her credit abroad. The Senate must help in finding facts which will enable us to solve the problem of getting our railways to meet their obligations toward the country, the bondholders, the employees and the public; the country because it is footing the bills; the bondholders because they have invested their savings with confidence in the future of Canada; the employees because they need their work and their wages if they are to be happy and contented; the public because it is entitled to good service at a fair price.

We do not need to go back farther than 1931. The Duff Commission compiled all the necessary information up to that date. Let us find out what has really been done since then to better conditions.

Let the public know why co-operative arrangements have not been entered into, although the honourable leader of the Government reported a statement by Sir Edward Beatty that thereby $6,340,000 could be saved annually.

Let the public know why Sir Edward Beatty, in his address before the Board of Trade at Vancouver, on the 4th of September, 1934, could make the following statement:

May I point out to you that the Royal Commission on Transportation reported that during the nine years 1923-1931 the Canadian National Railways failed by no less than $456,063,195 to earn the interest which the Government of Canada was bound to pay to private capitalists who owned the securities of that system. Whence came this sum of almost half a billion dollars? You paid as much for the service of that railway system as you would if it had been privately owned, and you paid in taxes almost half a billion dollars in those nine years to private capitalists for the privilege of saying that you owned the Canadian National Railways.

In those nine years the private capitalists who owned the Canadian Pacific Railway received in interest and dividends $401,080,152. In this case, however, I wish to point out to you that this amount did not come from taxation in addition to your payment for service. It was saved by the owners of the private railway company from the money which they received from you for the transportation of persons and commodities.

If this is exploitation by private capital as contrasted with protection for the public by public ownership, then I do not understand the meaning of the English language.

Let the public know why the Duff Commission reported that construction under Canadian National management was costing from fifteen to forty per cent more per mile than under Canadian Pacific management, and why the ratio of Canadian National operating costs was increasing while that of the Canadian Pacific was decreasing.

Let the public know why, in the operation of hotels, the Canadian National lost millions of dollars while the Canadian Pacific was making millions in profits.

Let the public know why, in 1924, to earn a gross revenue of 239 millions the Canadian National expended 221 millions; in 1925, to earn ten millions more it spent five millions less; and in 1930, to earn one million more it spent 12 millions more.

Let the public know why co-operation, which is so successful in England, would not be possible here; why improvements in the service to the public, such as the English railways find it profitable to make, are not possible in Canada.

Let us open the doors and educate the public so that it will learn the facts, think about them, judge them and support wise and sound proposals. At the present time, what reports of our deliberations are made outside Parliament, in the press and elsewhere? If the right honourable leader on this side of the House (Right Hon. Mr. Meighen) presents facts it will be reported that he made a political speech. But let the honourable leader of the Government (Hon. Mr. Dandurand) likewise state well-known facts, and he is reported as making a defence of the present system. The honourable senator for Montarville (Hon. Mr. Beaubien), in a forceful and well delivered address, presents the existing problem and asks for a solution: he is portrayed at once as the advocate and champion of the Canadian Pacific Railway.

Let us look at an example of the way in which some people would wish to educate the public. I quote from an editorial in the Ottawa Journal of March 24, 1938. Under the heading, "A Professor Abusing Public Men," it says:

President Franklin Roosevelt once told historian Emil Ludwig that one of the perils of our time was the propensity of certain people to belittle and vilify public institutions and public men. "These," said the President, "are the instruments of democracy, and those who abuse and defame them play the game of forces which want democracy destroyed."

We are reminded of this by a speech made in Montreal this week by Professor W. T. Jackman, of the University of Toronto. Professor Jackman, engaged in what appears to be his full-time job of advocating railway unification, touched upon the proposal to have an investigation of the railway problem by a committee of the Senate, sneered:

"Discussion of the issue in the Senate might be very desirable for the education of many members of that House who have been thinking too long in terms of the archaic. But we would like to say . . . that a committee composed of members whose minds are saturated with politics, even though two or three of them have risen above that thraldom, is not likely to produce results which will merit public confidence."

The editorial continues:

Academic superciliousness is detestable at any time. It is particularly detestable when it is allied with the ignorance displayed by Professor Jackman. If Professor Jackman knew anything about the Senate he would know that its members are perhaps less "saturated with politics" than any public body in this country.

And Professor Jackman's logic seems to be on a par with his sense of fairness and responsibility. He said: "The natural course would be for the Minister of Transport to appoint a committee of the Cabinet, representing the public interest, to meet a similar group representing the business interests of the country . . . with the object of examining comprehensively and judiciously the problem of unified operation . . ."

Thus we have the proposition that a committee of the Senate, whose members are not responsible to either parties or constituencies,

would be "saturated with politics," but that a committee appointed by the Cabinet, and partly composed of members of the Cabinet, who are necessarily the creatures of parties, and responsible to constituencies and parties, wouldn't be "saturated with politics." It is marvellous reasoning.

Often The Journal wonders how it comes that so many university professors can secure so much time from their class-rooms to tell the rest of us how to behave ourselves. Dr. Jackman, in particular, judging by the campaign he is carrying on for railway unification, seems to be especially fortunate in this respect. It may be, of course, that a "Professor of Transportation," which is what Professor Jackman describes himself to be, is not burdened with overly onerous duties. Indeed, we have been unable to discover just what it is that makes a man a "Professor of Transportation," and our bewilderment is not lessened by the fact that, looking up Professor Jackman's record, we have been unable to find that he has ever been connected with any sort of transportation system or agency in any character or capacity whatsoever, that he is not even an engineer.

The Journal is in favour of free speech, would be the last to want to curtail it. But The Journal wonders what service Canadian Clubs and like organizations think they are performing when permitting a gentleman like Professor Jackman to abuse and belittle public men while professing to discuss a question of which he seemingly knows little.

You have there the malignity of the pedantic professor and castigation by the well-informed newspaper man.

Propaganda is going on for unification of our railways, for the saving of millions, but nobody will tell us how this economy is to be effected. Let us find out. It seems to me it is our duty to ascertain the facts, and then publish them, so that the public may be able to come to a conclusion on those facts and call upon the Government to formulate a sound and feasible policy. In order that that may be done, we must let the public know the facts.

Hon. J. A. McDONALD: Honourable senators, what I am about to say may not be very palatable in some quarters. At the outset I wish to state that I am not taking a stand either for or against unification, amalgamation or public ownership of the two great railway systems; but I contend that something must be done to relieve the situation, the terrible uncertainty of which is seriously affecting the morale of our railway men.

If it is true, as some honourable members have stated, that we are facing national bankruptcy, I think that every step we take with respect to this matter should be very carefully considered.

Let me say at once that I do not question the motives or sincerity of the honourable senator from Westmorland (Hon. Mr. Black) in moving his amendment for appointment of a special committee. He is known in New Brunswick as being always in the forefront of measures for the benefit of his province. But I very definitely question his judgment in advocating a special committee at this time, and in a few words I intend to give my reasons for this view.

I go back to 1925, when, as the honourable member who has just resumed his seat (Hon. Mr. Marcotte) has said, a special committee of the Senate sat behind closed doors; and this, naturally, damned its proceedings from the very beginning.

Hon. Mr. McMEANS: May I explain? That committee did not sit behind closed doors in the sense which the words usually imply. We invited certain expert railway men from the United States to appear before the committee. They said, "We will come over and give you our views, but, as we are actively connected with our own railways, we must insist that no notes be taken of our evidence and no reference be made to us whatever." We accepted their condition, and they attended and gave us the information privately. They would not give it publicly for fear it might prejudice their positions in the United States.

Hon. Mr. McDONALD: That simply buttresses my statement. I thank the honourable gentleman very much for explaining that for certain reasons it was a closed-door committee with no reporters present. There would not, it seems to me, be very much difference between that committee and the special committee suggested by the honourable member from Westmorland. Any honourable senator could of course attend the meetings and ask questions, but actual control of the proceedings would be in the hands of the committee.

No Government can expect to improve the condition of our railways by drastic methods unless it has the confidence of the public; and if the situation is as serious as has been represented by honourable members who have taken part in this debate, then the public must be educated. This is a troubled old world. In every capital and every political party in Europe suspicion is rampant. Any unusual move or statement is seized upon and exaggerated to the limit. Why arouse suspicion here? It may be said that the proceedings of the proposed special committee would be wide open, because, as I have already indicated, any senator could attend the deliberations and ask questions; but the similarity between this special committee and the closed-door committee of 1925 is that only the members of the committee could vote. The forming and

crystallization of its findings and their submission to this House would be entirely in the hands of the members of that committee.

At the beginning of this present movement in the House the honourable senator from Montarville (Hon. Mr. Beaubien) made a powerful and well-reasoned speech in favour of unification. He reached the height of eloquence, but made a very anæmic and weak ending in suggesting that this House express its opinion to the Government that something must be done. In a word, he came in like a lion, but went out like a lamb. By his proposal he would place on the Government the onus of making a decision. But the honourable gentleman from Westmorland (Hon. Mr. Black) came to the rescue of the Government and moved for the appointment of a special committee to find a solution, thus shifting the onus to the Senate. The only good point that I can see in his gesture is that he calls on the leader of this House, a member of the Government, to select a large number of the proposed committee. The honourable leader represents the Government in this Chamber, and he would be responsible for the personnel, the conduct and the findings of that committee.

Let us see how this proposed committee of fourteen would be appointed. The Maritime Provinces are very much interested in this question: they would have two or three members. The splendid province of Quebec would presumably have three or four members, as would also the grand old province of Ontario. Then the great West, including the Prairie Provinces and British Columbia, would have similar representation. Such would be the personnel of the proposed committee to handle this tremendous problem, a problem affecting every man, woman and child in Canada.

We have in the Committee on Railways, Telegraphs and Harbours of this House a solid, trusted body of fifty members—almost a committee of the whole. But under this proposal our Railway Committee would be side-tracked. The leader of this House would be detouring around our Railway Committee, headed by a chairman who is known for his impartiality and is probably one of the best-informed men in Canada on railway matters. I refer to the right honourable gentleman from Eganville (Right Hon. Mr. Graham). He would be side-stepped by the leader of the Government. Why this detouring?

What will the public say of this special committee appointed for the purpose of educating public opinion? What will our business men from coast to coast say? Will they be satisfied? Our chartered banks, whose splendid management saved this country during the depression and won the admiration of the world—how will they receive this proposal? The small manufacturer who, in his bedroom in the evenings, walks the distance to Chicago and back while trying to see how he can satisfy his bank, pay his taxes and keep his men employed—how will he view this departure? The railway men of Canada, our best citizens, who are wondering now whether besides paying their taxes they will have to pay almost with their lives—what will they say?

Hon. Mr. LAIRD: What will Aberhart say?

Hon. Mr. McDONALD: I think, borrowing a term from a committee of the other House, that this would be funny if it were not tragic. I do not like my honourable friend's interruption at this particular point, anyhow. I am asking how this proposal to appoint a special committee will be received by big business, by our banks, by our small manufacturers, and by our railway men.

How are our railway men helping to pay the railway bill? In 1930 there were 184,000 men employed on our railways; in 1937 there were only 118,000. The operating expenses of the roads dropped in that period from $380,000,000 to $300,000,000. Who is paying for this saving? The railway men. I am going to do my utmost to protect them from paying the whole bill.

At this point I want to pay a compliment to a great Canadian. I may surprise some honourable members when I say that I consider Sir Edward Beatty a great Canadian. I understand he has stated that he will consider no proposition for a solution of this gigantic problem that does not fully and amply protect the railway men on both systems. That is a very important and very generous statement on his part.

The men engaged on the railways in the Maritime Provinces are among our finest citizens. There are few openings for young men to make a living in the Maritime Provinces, and therefore our best blood is, in a way, forced to enter the railway profession in its different phases. As I say, there are not such openings for our young men in the Maritime Provinces as are avaliable to young Canadians in Quebec and Ontario. Confederation settled that.

Hon. Mr. CANTLEY: Who told you so?

Hon. Mr. McDONALD: Therefore, as I say, some of our best young men enter the railway service. I realize that I am as a voice crying in the wilderness. I expect I shall be told that the advantage of having a special committee would be that, as there

are two shades of public opinion with respect to the railway problem, it will be well to have a fifty-fifty representation on the committee. I shall be told that about half our members are in favour of unification and amalgamation and about half against it, and the committee should reflect that division of opinion fifty-fifty. In other words, a jury is to be appointed on the principle that it would be wise to have as many for as against. If that be so, in my opinion it would be a fine setting for a dog fight.

I consider the word "shadows" one of the most expressive in the English language, but, much as I admire the word, I do not want shadows in any hole or corner of this problem. I have not the capacity to grasp figures running into billions, or even hundreds of millions, but I can watch step by step to see that our railway men, our finest citizens, shall not be sacrificed. I cannot understand this shadow-boxing; I cannot fathom the reason for the honourable senator from Montarville making a magnificent address and then fading out of the picture, leaving it to the honourable member from Westmorland to propose the appointment of a special committee, which would take a tremendous responsibility away from the Government and place it upon the Senate. But the honourable gentleman from Westmorland went further: he suggested that the two leaders nominate the members of the committee. One of those leaders represents the Government in this House, and, as I said before, he would guarantee the conduct and the findings under this private arrangement.

I do not wish to repeat myself, but we have a Railway Committee of this House, a standing committee, composed of tried and proved senators, specially selected for their knowledge of railway matters, recognized and trusted by the public as the proper body to handle the business of railways, telegraphs and harbours. Then why form another railway committee? If, for instance, an important question having to do with banking came before us, is it likely that anyone would propose to side-step our Standing Committee on Banking and Commerce and appoint another banking committee? Why therefore, I ask, when this tremendous railway problem has to be dealt with, should we sidetrack our regular Standing Committee on Railways? I repeat, I cannot understand why, in these circumstances, we should seek to appoint a special committee when we already have a very efficient body to deal with the subject-matter.

Hon. Mr. BEAUBIEN moved the adjournment of the debate.

Hon. F. B. BLACK: Honourable members, I do not know whether I have the right to make a few remarks or not, but if the mover of the adjournment (Hon. Mr. Beaubien) will allow me, I should like to offer an explanation. I appreciate the kind remarks made about me by the honourable member from Shediac (Hon. Mr. McDonald), although I regret that he does not seem to have much faith in me.

I may say that there is no sinister intent behind my suggestion for a committee; neither is there any intent that the Senate or this committee should decide on amalgamation, unification, or anything along that line. In proposing the committee I said that it should be a fact-finding committee, and that in order to have a committee that would find the facts and would be able to report to this House, two things were essential. The first was that the committee should be non-partisan, and the second that it should not be so large as to be unwieldly and unworkable. I make this explanation merely that the House may understand what was in my mind.

As the honourable senator from Shediac has pointed out, the Railway Committee is composed of fifty members. That is a large committee to hold sittings on any question over an extended period of time. As honourable senators who are members of committees know, while many committee members attend regularly, there are others who do not. This committee, if it is to get sufficient facts to be of use to the country, will have to work hard in order to be able to lay them before the House. Members who do not attend every sitting will not be conversant with what has taken place during their absence. They will be likely therefore to ask questions regarding those matters, and thus delay the committee's work. That is one of the arguments against a large membership.

It has not been decided whether or not this committee shall sit behind closed doors. Every expression of opinion I have heard has been to the effect that the sittings should be wide open. Not only would every member of the Senate be allowed to attend the meetings, but he would have just as much right as any member of the committee to ask questions. I think my honourable friend from Shediac will find that meetings of the committee, if and when organized, will be wide open, and I trust that its proceedings will be published and be made available to every member of this House and the public at large.

There is one other thing I desire to say. Nobody has a higher regard for the Railway Committee than I have. It is an excellent

committee. It was not, however, appointed to consider this question. Its business is to consider railway matters or railway bills which are referred to it. It has no more inherent right to function as a special committee than has any other committee of the House. Furthermore, there is this unfortunate feature about that committee at the present time—and I am now expressing only my own opinion—that a preponderance of its members come from one side of the House. In order to be of use to the public the committee must be open to receive information, and, having once received it, must be ready to give it to the public in the interest, not of the Conservative party, the Liberal party, or either one of the railways, but of the ratepayers as a whole. It is important, therefore, to have an independent committee. It was for these very cogent reasons that I made my proposal.

When the proper time comes I intend to suggest that the committee should consist of twenty members instead of fourteen; and I trust that if the committee is appointed the honourable member from Shediac and every other honourable member of the House will make it their business to be present at the meetings of the committee to give it the benefit of their views, and see that proper information is brought out and disseminated throughout the country. If we all approach this question from the standpoint of getting the facts we shall be doing a real service to Canada; but we shall be doing a service to nobody if we endeavour to approach it from any partisan or narrow point of view.

Hon. Mr. McDONALD: I am very proud to say that I am an old railway man, having been a telegraph operator and train despatcher, and therefore know a little about railways. As I read the amendment it is that a committee be appointed to inquire into and report upon the best means of relieving the country from its extremely serious railway condition, and it is not a fact-finding committee. This means the Senate must find a solution. There has to be a vote of the House. I believe everybody would be agreeable to a change in the number of members on the committee from fourteen to twenty. The honourable gentleman is gradually seeing the light. But if the motion is changed to make this only a fact-finding committee, what can be accomplished by it?

Hon. Mr. BLACK: I have no further comment to make.

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

CANADA GRAIN BILL

SECOND READING

Hon. J. E. SINCLAIR moved the second reading of Bill 27, an Act to amend the Canada Grain Act.

He said: Honourable members of the Senate, in moving the second reading of this Bill I may explain briefly that there is no very great principle involved in it. It merely has to do with details in the carrying out of recommendations of the Board of Grain Commissioners with respect to the establishment of further grades of Garnet wheat, the change of No. 3 and No. 4 Manitoba Northern by the exclusion of Garnet wheat from those grades, and the maintenance of the quality of No. 1 and No. 2 C.W. Garnet by making them non-mixing grades. Section 1 of the Bill makes two grades of Garnet non-mixing grades. Section 2 provides that overages above one-quarter of one per cent in No. 1 and No. 2 C.W. Garnet shall revert to the Crown. Section 3 establishes, as may be seen in the schedule to the Bill, a third grade for Garnet wheat. This, in brief, is the effect of the Bill.

Hon. Mr. McMEANS: Is it intended to refer it to committee?

Hon. Mr. SINCLAIR: That is a matter for the House.

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

REFERRED TO COMMITTEE

Hon. Mr. SINCLAIR: If it is thought desirable, we can go into Committee of the Whole on the Bill.

Hon. Mr. McMEANS: Would it not go to the Committee on Banking and Commerce?

Hon. Mr. BLACK: The Committee on Agriculture.

Hon. Mr. SINCLAIR: There is so little detail in the Bill that it is scarcely worth while sending it to a select committee.

Right Hon. Mr. MEIGHEN: I should think the proper committee would be the Committee on Banking and Commerce, because the Bill has to do with matters administered by the Department of Trade and Commerce. Then, should there be any who object to these changes in classification, or to particular amendments, they could be heard. I do not know that there are any such persons; I have had no communications at all; but we always endeavour to

give anybody who wants to be heard an opportunity to appear. It seems to me that in this case that procedure should not be omitted. If nobody appears before the committee the Bill can be reported at once.

Right Hon. Mr. GRAHAM: Would you send it to the Committee on Banking and Commerce?

Right Hon. Mr. MEIGHEN: I think so.

Hon. Mr. SINCLAIR: It really has to do with commerce. The Bill is introduced at this time so that those engaged in the raising of wheat may know what the standards are.

I move that the Bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

PRIVATE BILLS

SECOND READING

On motion of Hon. Mr. Tanner, Bill L-1, an Act to incorporate the Maritime Provinces General Insurance Company was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. TANNER: I move that this Bill be referred to the Standing Committee on Banking and Commerce.

Right Hon. Mr. MEIGHEN: Should it not go to the Committee on Miscellaneous Private Bills?

Hon. Mr. TANNER: Insurance bills have usually been considered by the Committee on Banking and Commerce.

Right Hon. Mr. MEIGHEN: Those are public insurance bills, governing the trade. This is a private Bill.

Hon. Mr. TANNER: I have no objection. It can go to the Standing Committee on Miscellaneous Private Bills. I would so move.

The motion was agreed to.

SECOND READING POSTPONED

On the Order:

Second Reading of Bill M-1, an Act respecting Madame Belle Hervey Harper Cazzani.—Hon. Mr. Lacasse.

Hon. Mr. DANDURAND: I would suggest to my honourable friend (Hon. Mr. Lacasse) that he postpone his motion for the second reading of this Bill until to-morrow. Honourable members will not be surprised to hear that the Department of Immigration is opposed to this Bill. If this were not so, the Bill would not be before us. I was expecting some memoranda on this matter, but they have not yet reached me. They will be here to-morrow afternoon.

Hon. Mr. LACASSE: I could move the second reading.

Hon. Mr. DANDURAND: The Department attacks the principle of the Bill, and I would rather my honourable friend would postpone the motion for second reading until to-morrow.

Hon. Mr. LACASSE: Stand until to-morrow.

WAR VETERANS' ALLOWANCE BILL

SECOND READING

The Senate resumed from Thursday, March 24, the adjourned debate on the motion of Hon. Mr. King for the second reading of Bill 35, an Act to amend the War Veterans' Allowance Act.

Hon. W. A. GRIESBACH: Honourable senators, this is an important Bill, if for no other reason than that it involves an expenditure of a good deal of money, and an explanation may well be made at this time as to how we find ourselves in our present position with respect to the people who are covered by it.

In the first place, I think it proper to observe that under our Pension Act we have created the Canadian Pension Commission, a tribunal which has been in operation for a number of years, to make cash allowances by way of pension according to the degree of disability, to men who have contracted disability while in military service. A great deal of legislation has been passed on this subject, a body of law and precedent has been established, and a general uniformity of administration has been set up. The Commission deals with those ex-members of the forces who suffer from disabilities which they contracted while in service, and with the widows and dependents left by such ex-members after they die.

Some years ago, I think in 1930, it was agreed after a committee of the House of Commons had inquired into the subject that there was another class of ex-service man who was entitled to the consideration of the country: he was the man suffering from a disability, not necessarily contracted in the service, but which rendered it impossible for him to make a living. So this War Veterans' Allowance Act was brought down. It had to do with men of an entirely different type

from that dealt with by the Canadian Pension Commission. The law as it stands to-day provides that a man who served in an actual theatre of war, who has reached the age of sixty, who is mentally and physically incapable of making a living and is in need, shall receive a grant from the War Veterans' Allowance Board, the amount being $20 a month for a single man and $40 for a married man. There is a further provision for similar grants to incapacitated veterans below the age of sixty years who are in need. I emphasize again the distinction between the two classes of men: those being dealt with by the Canadian Pension Commission and those being dealt with by the War Veterans' Allowance Board.

The Bill before us, providing amendments to the War Veterans' Allowance Act, is somewhat difficult to understand if read alone, because it states merely the proposed amendments to the existing statute. A number of questions that might arise in connection with the measure itself are answered by reference to the Act. The first clause would bring within the operation of the War Veterans' Allowance Act a body of ex-service men who served in the South African war. They were not formerly contemplated by the Act. I draw attention of honourable members to the fact that the Canadians who served in that war were recruited in and by Canada, but while they were upon the high seas, I think, or when they arrived in South Africa, they were taken over by the British Government. Their pay was the same as that of the Imperial army, which was, I think, a shilling and two pence for an infantry man and a shilling and four pence for a cavalry man. This country subsequently made a contribution to bring their pay up to what was then the Canadian rate, 75 cents a day. The Imperial Government looked after their pensions, and no South African soldier was or is pensioned at the expense of the Government of Canada.

It was found by the Veterans' Assistance Commission, which went about the country last year under the chairmanship of Colonel Rattray, that there are in Canada to-day a number of veterans of the South African war, not entitled to a Canadian pension, who are suffering from disabilities which place them in the same classes as disabled ex-soldiers of the Great War. The number of men who left Canada for South Africa was 7,366, of whom 5,325 served there and come under this Bill. Of these it is estimated that half saw service with the Canadian army in the Great War and are therefore eligible under the legislation as it has stood up to the present time. The opinion of the Board is that of the remainder not more than 175 or 200 will be entitled to allowances under these proposed amendments.

Clause 2 of the Bill provides for an increase in the number of members of the War Veterans' Allowance Board. The present statute requires that the Board shall consist of three members, but under the amendment the number could be increased to five. I think it will be found that this provision is a reasonable one, in view of the increased work which will fall upon the Board because of these very amendments.

Section 4, on page 3 of the Bill, is important. By paragraph (a) ex-service men who have served in a theatre of war and are now suffering from disabilities which make it impossible for them to earn a living come virtually under a form of old age pension upon attaining the age of sixty. There is no change there from the present Act. Paragraph (b) makes a change by providing that allowances may be granted to such men, even though they have not attained the age of sixty years. Paragraph (c) introduces a third class, and with respect to this I desire to make some remarks.

The Veterans' Assistance Commission, to which I have already referred, found that there were enrolled in different ex-soldier bodies throughout the country some 30,000 unemployed veterans. Half of them were said to be already receiving pensions or allowances, or else not eligible for such payments, because their service had been confined to England or Canada. Of the slightly more than 15,000 who served in an actual theatre of war, two-thirds, or 10,000, were classed as physically fit. These do not come within the terms of this proposed legislation, for the only problem confronting them is lack of employment. The remaining 5,000 were classified by the Commission as partially fit or unfit, and it is this group who are contemplated by paragraph (c). That paragraph proposes to bring under the War Veterans' Act any veteran who

> does not qualify by age or disability under the two preceding paragraphs, but having served in a theatre of actual war, is in the opinion of the Board incapable and unlikely to become capable of maintaining himself because of economic handicaps combined with physical or mental disability or insufficiency.

I agree at once that it is very difficult to describe this type of man accurately or thoroughly in a bill. Our concern over the inclusion of them within the provisions of the Act may be somewhat assuaged by knowledge of the fact that they all are now on relief in some way or other. That is to say, they are receiving relief provided by municipalities or

provinces, or by the Pension Commission. The amendment would simply bring them all under the Board. When the measure comes before a committee, as I suppose it will, the estimates made by officials as to the number of men affected, and the probable cost of providing for them, can be fully inquired into.

There is a provision in clause 5 for not taking into account, when estimating the income of veterans, any pension or grant made to them by reason of their having been awarded the Victoria Cross, the Military Cross or the Distinguished Conduct Medal. Any pension received because of any of these distinctions is not considerable, and, regard being had to the reasons for which the awards were made, there can be no objection to this clause.

Hon. Mr. KING: It follows the Pension Act in that regard, I think.

Hon. Mr. GRIESBACH: Yes.

It is well to remember, in considering these amendments, that if passed they will form part of an Act of Parliament, and that any amounts payable to ex-soldiers are governed by the main statute. I have here somewhere a figure as to the probable cost of the increased allowances under these proposed amendments.

Hon. Mr. KING: About $2,000,000, I think, for this new class.

Hon. Mr. GRIESBACH: I think that was dealt with by the honourable gentleman from Kootenay East (Hon. Mr. King).

Right Hon. Mr. MEIGHEN: Is that $2,000,000 a year?

Hon. Mr. GRIESBACH: Yes.

I should like to seize this opportunity of directing the attention of the House to certain aspects which may be of great importance in the not very distant future. We find ourselves to-day confronted with what looks like an enormous expenditure of public money to meet these claims. Therefore our people ought to be interested in learning how the claims come about. A fair discussion of the case must bring home to us the fact that as a country we are responsible for our present position because of the failure and refusal of our public men in days gone by to grapple with the problem of preparation for war. So long as we fail to prepare for it by training officers, providing equipment, and so on, and rely upon improvisation when war actually breaks upon us, we may expect a heavy casualty list. On another occasion I estimated that our casualties in the Great War were probably one-third higher than they would have been if there had been some measure of preparation, of training, to ensure that our officers and men knew their work and were properly equipped before they were called upon to confront the enemy. Those casualties are of course reflected in the pension bill which we have to meet in these latter days.

Since I have been speaking to-night about a class of men who are suffering from disabilities which did not arise during the War, but which nevertheless impose upon us an obligation, it is interesting to observe a few facts. First of all, let us look at the way in which our soldiers were recruited. I shall argue presently that if we had faced the issue of conscription before 1914, if we had legislated so that everybody would have known what to expect, we should have taken only the fit men, and avoided entirely the desperate scramble that took place, as the War went on, to get men of any kind.

It is a curious fact that our method of raising battalions was the same as that followed in the reign of Queen Anne—that is, recruiting companies, taking them into barracks, breaking them up, and so on. In Canada the practice was to invite a number of prominent men, some who had soldiered and some who had not, to raise battalions. They accepted the invitation as a patriotic duty. As soon as they undertook the work their credit and reputations became involved in it. Some of these very gentlemen are sitting around me here to-night. I think they all would agree with me that, as the War got fairly well on, it was impossible to get recruits simply by asking for them: the problem was to get men wherever possible, to invite and urge them at meetings and rallies, until finally there evolved a form of social conscription which brought out every available man. Sometimes three or four battalions were being raised at the same time in one town. Keen competition developed among them, and in an attempt to fill up the ranks and get away to the front as soon as possible, less and less care was exercised about the physical qualifications of the men accepted. Medical officers were induced to become slacker and slacker. But after going through the strict medical examination to which the battalions were subjected upon arrival in England, it was not an uncommon thing for three or four hundred men out of one thousand to be marked down to the C-3 class and transferred to labour, forestry and railway corps, to do various sorts of jobs for which it was thought they were fit. I venture to assert that the raising in that fashion of men who ought not to have been passed is reflected to-day in our pension bill and allowances under

the Veterans' Allowance Act to the extent of one-third of the money we are paying now. I venture to think that the pensions and allowances being paid to-day to such men are as large as or larger than the pensions and allowances being paid to men who actually suffered injuries at the hands of the enemy. But let me say at once that I have not the slightest intention of casting any aspersion upon officers who raised those battalions or the men who came forward to join. They all were motivated by the highest patriotic reason. On another occasion I expressed the opinion that as a result of lack of vision and courage in facing the situation our pension list was increased by thirty per cent. By this particular item the list is increased by another thirty per cent.

I venture to say that if in 1910 we had calmly and deliberately prepared for the war which we knew was coming, if our public men had faced the issue of conscription, if we had embarked upon a proper system of education and training for our officers and men, and had from start to finish accepted only fit men, we should be paying to-day only about one-third of what is now required for allowances of every kind.

The matter is important now that we are apparently facing another great war. We are engaged on a rearmament programme of sorts, and are discussing what ought to be done in certain circumstances—matters of policy and the like; but no one seems to worry about the fact that, whatever our contribution may be, it involves trained man-power, and that if we would avoid the mistakes of the past, mistakes which are costing us so much money to-day, we should be well advised to face the issue of conscription, of getting the right sort of men, of training our people in time of peace in order that if we do go to war again we shall have trained officers and men, who, when they do meet the enemy, will know how to conduct themselves. Then, at the close of the next great war, when we sit down to settle the cost, we shall at least have the satisfaction of knowing that we profited by our experience of the last one. I hope that will be so, but I am bound to say I see very little evidence around me of any likelihood of it.

As I have said, I have taken this opportunity to bring before the House and those outside who may read what I have said the outstanding importance of grappling honestly, courageously and understandingly with this great question of preparation not only in material, but also in man-power.

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

REFERRED TO COMMITTEE

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

PENITENTIARY BILL

SECOND READING

Hon. Mr. DANDURAND moved the second reading of Bill 36, an Act to amend the Penitentiary Act.

He said: The purpose of this amendment is to remove an inconsistency between the provisions of subsection 2 of section 1019 of the Criminal Code and subsection 4 of section 44 of the Penitentiary Act. The latter subsection provides, in effect, that the time spent in gaol pending appeal shall not be computed as time served in connection with the sentence unless the appeal is one made by the Crown, whereas subsection 2 of section 1019 of the Criminal Code provides, in effect, that time during which the convicted person is detained in gaol when he is the appellant may count as part of the sentence, according to the directions of the Court of Appeal. The amendment makes the provisions of the Penitentiary Act subject to those of the Criminal Code.

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

THIRD READING

On motion of Hon. Mr. Dandurand, the Bill was read the third time, and passed.

CANADA EVIDENCE BILL

SECOND READING

Hon. Mr. DANDURAND moved the second reading of Bill 37, an Act to amend the Canada Evidence Act.

He said: The purpose of the amendment contained in the first clause of the Bill is to make the husband or wife a competent and compellable witness for the prosecution where the charge is one of theft by husband or wife of property of the other. The amendment was suggested by the Commissioner of the Royal Canadian Mounted Police, as follows:

> Section 4, subsection 2, should be amended to provide that a husband or wife shall be a competent witness for the prosecution in charges laid under section 354 of the Code (Theft—Husband and Wife). As the Canada Evidence Act now stands, the husband whose property is stolen by his wife cannot give evidence against her, and vice versa.

At present there are eight exceptions from the general rule.

The purpose of the amendment contained in clause 2 of the Bill is to permit proof to be given by affidavit of the sending of any

demand or notice by a department or branch of the Public Service in order to avoid excessive costs in having witnesses go from Ottawa to all parts of the country to prove the sending of such demand or notice. The necessity for the amendment arose particularly through difficulties encountered by the Statistics Branch in endeavouring to carry out duties in connection with obtaining statistics.

The purpose of the amendment contained in clause 3 of the Bill is to permit proof by affidavit that there is no account, if such be the case, where proceedings have been taken against a person for issuing worthless cheques. Under the present law a copy of an entry in the books or records of the bank may be proved by affidavit, but there is no provision for proving the negative, and this amendment will permit such proof. The suggestion for this amendment came from J. W. McFadden, K.C., Crown Attorney of Toronto, in connection with which he stated as follows:

> Section 29 of The Evidence Act should be re-drafted. Our courts are flooded with prosecutions of cases where bad cheques are given. Some of these cheques are given on banks ranging from Halifax to Vancouver. Most of these cheques are for small amounts. We cannot go to the cost of bringing a banker, but by section 29 we are able to prove the statement of the man's account by affidavit. The section, however, is deficient in that it only provides for cases where the man has got some account in the bank. Where, however, cheques have been given and there is no account at all there is no provision made, and the consequence is that we cannot think of launching a prosecution.
>
> I have taken this matter up with Mr. Rogers, Secretary of the Bankers' Association, and he is quite alive to the necessity of some amendment. Some time ago I drafted an affidavit for use in the courts. This has been a real boon to bankers in that they are not wasting three or four mornings in court, and incidentally it has saved the city several hundreds of dollars in money. Where, however, there is no account we still have to subpoena these bankers.

I think from their experience honourable members will appreciate the necessity for these amendments.

Hon. Mr. McMEANS: Would the honourable gentleman explain a little more fully the case of a husband stealing from his wife or the wife stealing from her husband?

Hon. Mr. DANDURAND: It is when they happen to be separated.

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

Right Hon. Mr. MEIGHEN: I have read the Bill with some care, and I think all three amendments are worth while and essential. The first and the last are the two important ones. The last amendment should certainly be a saver of both time and expense.

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

Hon. Mr. DANDURAND: With the leave of the Senate, I would move the third reading of the Bill.

Right Hon. Mr. MEIGHEN: Would it not be better to refer it to Committee of the Whole to-morrow?

Hon. Mr. DANDURAND: Very well. I move that the Bill be placed on the Order Paper for committee stage to-morrow.

The motion was agreed to.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. McMEANS, Chairman of the Committee on Divorce, presented the following Bills, which were severally read the first time:

Bill N1, an Act for the relief of Louise Anderson Lindsay.

Bill O1, an Act for the relief of Kathleen Helen Frances Penfold Findlay.

Bill P1, an Act for the relief of Mary Esther Wahl Watt.

Bill Q1, an Act for the relief of Eva Grace Barlow Sunbury.

Bill R1, an Act for the relief of Irene Marjorie Wiseman Litwin.

Bill S1, an Act for the relief of Lorraine Olive Lafontaine Caron Pilot.

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

THE SENATE

Wednesday, March 30, 1938.

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

Prayers and routine proceedings.

CANADA GRAIN BILL

THIRD READING

On motion of Hon. Mr. Sinclair, Bill 27, an Act to amend The Canada Grain Act, was read the third time, and passed.

DIVORCE BILLS

FIRST AND SECOND READINGS

Hon. Mr. McMEANS, Chairman of the Committee on Divorce, presented the following Bills, which were read the first time:

Bill T1, an Act for the relief of Dorothy Dean St. Clair Ross.

Bill U1, an Act for the relief of Frances Margaret Stewart Butler.

Bill V1, an Act for the relief of Agnes Le Blanc Archambault.

Hon. Mr. McMEANS: Honourable senators, I move, with leave, that these Bills be now read the second time.

The motion was agreed to, on division, and the Bills were read the second time.

CANADA'S RAILWAY PROBLEM

DEBATE CONTINUED—SPECIAL COMMITTEE APPOINTED

The Senate resumed from yesterday the adjourned debate on the motion by Hon. Mr. Beaubien:

"That, in the opinion of the Senate, the Government should be urged to settle the railway problem of Canada at an early date in order to stop the ruinous loss made each year by the Dominion through the Canadian National Railways, and which already amounts to several billion dollars."

And the amendment proposed by Hon. Mr. Black:

"That all words after 'that' in the first line be stricken out and that there be substituted therefor: 'a committee of the Senate be appointed to inquire into and report upon the best means of relieving the country from its extremely serious railway condition, and financial burden consequent thereto, with power to send for persons, papers and records and that said committee consist of fourteen senators.'"

And the sub-amendment proposed by Hon. Mr. Murdock:

"That all the words after the word 'upon' be struck out and the following substituted therefor:

'the enormous cost of Canadian railways to the people of Canada, and to recommend to this Senate some plan whereby the taxpayers of Canada may be relieved, and be assured of a first charge guaranteed return of not less than $75,000,000 per year upon the debt and interest charges of the Canadian National Railways while, at the same time, following the highly-spoken-of British plan of conserving to railway employees their positions without undue hardship.'"

Hon. C. P. BEAUBIEN: Honourable colleagues, in closing the debate on the main motion, I intend to address myself briefly to the objections of principle levelled at my proposition. Controversies, either factual or technical—

Hon. Mr. MURDOCK: Is my honourable friend closing the debate now?

Hon. Mr. BEAUBIEN: I said that that was my intention.

Hon. Mr. MURDOCK: I do not wish to be unduly critical, but my understanding is that my honourable friend cannot close the debate on the entire question.

Hon. Mr. BEAUBIEN: Honourable senators, I thought I had made myself quite clear. I intend closing the debate on the main motion.

Hon. Mr. TANNER: Under the rules the mover of an amendment has no right to close the debate. Only the mover of the original motion has that right.

Right Hon. Mr. MEIGHEN: The point is, you cannot close debate on the original motion until all amendments have been disposed of. Then debate is resumed on the original motion, and the mover, if he speaks, closes the debate. But, under the rules, no one can close the debate now.

Hon. Mr. BEAUBIEN: As I said, all factual and technical controversies I shall leave to experts, who no doubt will attend before the proposed committee. That course, I readily admit, will be more satisfactory to this honourable House.

The honourable leader of the House (Hon. Mr. Dandurand) has given us the genesis of our railway problem almost from the cradle, nay, from the very birth pains. With what result? The disheartening conclusion that the Government is helpless. The country is stricken with some form of recurring hemorrhages, such as plagued the Tsarevitch, and Rasputin pretended to heal with incantations.

The Government, like Rasputin, recommends of faith cure. It says, in effect, "Trust future times and forget present troubles." Why, the Government even rebukes us for lamenting our yearly loss on the Canadian National Railways. It is argued that we should forget the interest paid on railway investment as we do the interest charges of other national services, such, for instance, as our public buildings. This extraordinary argument, to my astonishment, has been presented at different times by an important Canadian daily.

It seems almost too elementary to state that certain services were created with the knowledge that they never could be self-sustaining. Public buildings are clearly in that class. These services were necessary and were organized as unproductive assets, and, for that reason, limited in their cost and built up in the course of time. Other services, like the Post

Office Department, were conceived as revenue-bearing services, and they have been functioning as such. Last year the postal services entailed a total expenditure of some $32,000,000 and produced a revenue of $34,000,000.

Hon. Mr. CASGRAIN: Hear, hear.

Hon. Mr. BEAUBIEN: Those self-sustaining services should repay the loans made to them from public funds, as well as interest on those loans. Otherwise they would become unproductive, as they never were intended to be.

As to our railway venture, is there a sane man who could ever conceive of it as a dead asset? Of course not. We, no doubt, assumed the load of our railways unwillingly, but we did so in the belief that they would pay their way. And why not? Half of our transportation is provided by the Canadian Pacific Railway without a red farthing of cost to the public purse. Why should the other half mulct the nation to the extent of $100,000,000 every year? Why should the Canadian National Railway System for every dollar collected from its customers claim and get fifty cents from public funds?

But even that is beside the mark. It is my contention that year in and year out the State is spending on the Canadian National Railways $75,000,000 which can be saved. This constitutes a colossal waste, and if continued it will be fatal. By all means it must be stopped. If such a squandering occurs in any other service it should likewise be suppressed forthwith.

The Government seems to forget that every dollar wasted is a dollar taxed out of the public. It seems to ignore the fact that every year every family in Canada has to scrape together $35 to be wasted by the Government on the Canadian National Railways. In order that we may resolve to bear our transportation affliction with fortitude and to put all our hopes in faith, the Government strives to prove that against this affliction there are no human remedies. So my honourable friend the leader of the House (Hon. Mr. Dandurand) has spent himself in demonstrating that amalgamation of our two railways is impossible and that it has at different times been rejected in this country.

Hon. Mr. DANDURAND: By the Senate itself.

Hon. Mr. BEAUBIEN: But I have never advocated amalgamation. The Senate resolution of 1925 cuts clean away from amalgamation and goes to a far different and far distant recommendation: that of joint managership, leaving the properties of both railways undisturbed and therefore in no way amalgamated.

Here I wish to emphasize that I have submitted in my motion the principle of joint managership and nothing else. I have carefully left out of it the sharing of profits between the two companies, as that can be settled only by agreement, and, of course, according to present conditions. Sir Edward Beatty for years has stated, and quite recently has repeated, that his proposal was for each company to get the profits of its own lines and then an equitable share of the savings derived from the new system. This would materially relieve the owners of both systems: the Canadian people and the Canadian Pacific Railway shareholders.

My honourable friend from Parkdale (Hon. Mr. Murdock), who praises so highly the services of the Canadian Pacific Railway to Canada, seems to resent any effort which might alleviate the lot of the shareholders of that company. He disdainfully declares that most of these shareholders are British or American. This, in my opinion, is a most objectionable appeal to a selfish and dangerous sentiment—

Hon. Mr. MURDOCK: Will my honourable friend pardon me?

Hon. Mr. BEAUBIEN: —a sentiment such as prevails, unhappily, in some small and shady countries. If the day ever comes when foreign capital, so useful in the past and so necessary in the future, is treated with disparagement in Canada, it will be for us a day of shame and folly.

Hon. Mr. MURDOCK: Will my honourable friend pardon a moment's interruption? What I was trying to do was to put the lot of the unfortunate Canadian taxpayer ahead of other claims, and I got the cue from my honourable friend who is now speaking.

Hon. Mr. BEAUBIEN: Well, if there is any consolation for my honourable friend in this, I can only say that according to what I have heard his intentions are pure, but I wish his language were as correct.

Right Hon. Mr. MEIGHEN: Would the honourable senator from Parkdale (Hon. Mr. Murdock) say that the interests of the Canadian taxpayers should be placed ahead of those of the Canadian creditors? I would not. I think he is wrong in that.

Hon. Mr. HUGESSEN: A shareholder is not a creditor.

Hon. Mr. BEAUBIEN: I do not want to delay the House. I realize that I inflicted myself upon honourable members for a long

time when I opened this debate, and therefore I am hurrying through my argument now.

Joint managership itself was considered but once. The Duff Commission hesitated over it in 1931, and finally laid it aside for the co-operative competitive system that we have to-day. The Commission chose what it thought politically possible at the time. Public opinion would permit no more.

But my contention is that public opinion has totally changed since then. The disastrous results of past years have brought about that change of heart, right down the line from Sir Edward Beatty to the Canadian Confederation of Labour. Public opinion now clamours for joint managership to eliminate senseless duplication and unbearable losses. I have cited scores of newspapers from every section of the country to prove that fact. My opponents have cited but one publication holding adverse views. There are, I know, a few others who support the present regime, but the immense weight of public opinion stands for the elimination of ruinous duplication, by unified management, or otherwise if a better method is found.

It is not astonishing that every independent and balanced mind has altered its views. With the Duff Commission in 1931, the great majority of the people hoped that co-operation between the railways would largely wipe out duplication. My honourable friend (Hon. Mr. Dandurand) has taken the trouble to show how dismally that hope has been dashed. The Duff Commission, which my honourable friend praises to the skies as the finest ever known to Canada, stated that there were in the Dominion 4,000 to 5,000 miles of redundant lines of railway. The Canadian Pacific-Canadian National legislation of 1933 was passed for the very purpose of permitting the suppression of duplication and, in particular, of these 4,000 to 5,000 miles of useless lines.

The Commission expressed the opinion that through co-operation the railways would save every year $30,000,000. How many of the 4,000 to 5,000 miles of useless, redundant lines have the railways so far suppressed? How much of the $30,000,000 yearly savings have been realized?

My honourable friend (Hon. Mr. Dandurand) has answered these two vitally important questions. On the competing duplicate lines, during the last five years, how many miles have been finally dealt with? How many have been abandoned? Incredible as it may seem, the answer given is that projects totalling 407 miles were rejected for lack of sufficient economy, and only 39 miles were abandoned; 11 miles by the Canadian National and 28 by the Canadian Pacific. Of the $30,000,000 savings anticipated, how much has been realized? The answer by my honourable friend is $1,092,500. Is it any wonder that everyone with a free and receptive mind has changed his views?

Right Hon. Mr. GRAHAM: I would not be too sure of that.

Hon. Mr. BEAUBIEN: Is it surprising that public opinion clamours for another system that will enforce economies so badly needed, and relieve the people of a huge amount of taxes?

The press has educated the public. The nation now comprehends that co-operation is repugnant to competition. Whatever incentive the railways may have to co-operate is brushed aside by the necessity to compete in order to live. Co-operation is possible only if the railways, working for a common fund, under joint management or managership or other like system, are constantly aware that the sacrifices made by them for the sake of economy will redound to their benefit in a just and fair proportion. That fundamental truth has been seized by the press and passed on to the public, and the community now clamours for a new and, this time, effective method of treating our railway problem. The people insist that duplication has not been attacked, that it is still untouched in freight, passenger, accounting, railway stations, ticket offices, equipment, personnel—in a word, in all services except one, which has just blossomed with the first breath of spring: the hotel in Vancouver, which is being operated jointly by the two railways.

Of course, I am aware that unification of management for two huge railway systems cannot be effected without effort and some risk. But neither should be excessive, if the new system is imposed gradually and prudently. My honourable friend has suggested a few technical objections, such as the refunding of bond issues and the consent of bondholders for the lifting of useless lines. But, surely, the properties of both railways can be kept separate. Surely the lifting of tracks can be retarded until at least the new system has proven its efficacy. If these precautions are taken—and they must be—my honourable friend will find the solution of many of the difficulties which he now foresees.

But, admitting that unified management might entail some problems, I would ask what has the Government to offer.

There is one ground upon which virtually the whole nation stands resolute to-day: the urgent necessity of putting an end to the annual loss of $100,000,000 of public funds and

to the useless contribution of $35 which it imposes on every hard-pressed Canadian family.

And let there be no doubt as to the amount of our yearly loss on the Canadian National Railways. From the railway's annual reports we learn that the total net loss for 1932-36 was $496,242,111—an average annual loss of more than $99,000,000. This loss was incurred after the absorption of the tiny surplus on operations, so much vaunted by my honourable friend. On a colossal venture of $3,000,000,000 the net operating revenue of only $15,000,000 announced by the Government will make the whole business community of Canada laugh heartily.

But unfortunately conditions are getting worse from day to day. The Montreal Star of the 3rd instant states that the gross revenue of the Canadian National Railways for January and February last has declined by $1,733,855 as compared with the same period last year. The Ottawa Citizen of the 17th instant gives $434,237 as the fall in gross revenue in the first two weeks of March as compared with the corresponding weeks in 1937.

How is the Government going to meet this challenge of the taxpayer—the forgotten taxpayer—who cries for relief? The Government evidently intends to play the part of Rasputin and to treat the blood sweats of the people by its faith cure; by faith in the return of prosperity, faith in the recurrence of traffic. But my honourable friend has not contested the evidence of a return of prosperity since 1936, in some respects to an unprecedented degree. And what of traffic? Is he still unaware that the railways have lost up to the present one-third of their freight traffic and no less than two-thirds of their passenger business? Where has that traffic gone? Evidently to their competitors, in greatest part to the motor-car, the truck and the bus.

Can any sane person conceive that this competition will relax. Is it not, on the contrary, quite evident that it will continue to grow for many years? Motor-cars are increasing in number every year, and truck and bus lines are multiplying at a tremendous rate. The aeroplane has just entered the field. Is it not on the cards that it must soon become more and more inimical to the railway business? The old-time traffic of the railways is gone, never to return. What is left to them may increase slowly and very gradually, but their traffic heyday is passed. Is this not overwhelmingly proved by the distressed condition of railways throughout the world?

What, then, is the Government's faith cure worth? Certainly it will not cure the blood-

sweating of the people. Certainly it will not protect the financial integrity of the country, so seriously menaced; nor will it fortify the credit of Canada, gravely affected on foreign markets.

Is it not more reasonable for the railways to banish competition from within, and to face it more effectively from without? Is it not common sense for them to suppress duplication and reduce their huge plants, equipment and personnel—now largely unoccupied—to the size of their actual business, which is practically one-half of what it used to be?

Is the example of Great Britain not illuminating? Why has my honourable friend refused to discuss this practical and markedly successful experiment? Out of one hundred and twenty separate railway companies, owning ten times as many subsidiary undertakings, charging 112 per cent above normal rates and losing yearly $100,000,000, Great Britain has built up four railway companies, with pooled receipts, charging much lower rates, and gaining yearly $165,000,000. The public gets far better and cheaper service, the employees have steadier employment, with full protection against loss of position or standing, and the shareholders secure a fair return on their investment, the State and taxpayer being totally free from any contribution. All this has been accomplished by wiping out double and treble services and concentrating plants, equipment and personnel to the size of the traffic available. Canada, with 42,000 miles of railway and a population of 11,000,000, or 262 people per mile of railway, has ten times more need of concentration and the elimination of duplication than Great Britain, with 20,000 miles of railway and a population of 42,000,000, or 2,000 persons per mile of railway.

Hon. Mr. CASGRAIN: That is right.

Hon. Mr. BEAUBIEN: Why has my honourable friend (Hon. Mr. Dandurand) refrained from alluding to a similar policy of concentration and the elimination of wasteful competiton now being studied to save hundreds of railways in the United States?

Does my honourable friend not know that a few months ago France was forced, mainly by the competition of the motor-car, to reorganize her railways? She has done so on the lines of unified management recommended by the Senate. Under the new system, the seven French railways have pooled their earnings and while their separate identity in property and management is preserved, they are controlled by an overriding board in which both the State and the railways are

represented. The dominant purpose of this new arrangement is the co-ordination of the lines of the different companies to resist competition from without, especially from motor-cars. For that purpose 3,600 miles of secondary lines of railways have been abandoned and replaced by truck or motor-bus services. The better to curb the deadly competition of motor-cars, the law now restricts long-distance truck or bus lines, and subjects them to railway rates.

Right Hon. Mr. GRAHAM: May I ask a question in order to clear up one point? Are the highways in Great Britain, of which my honourable friend speaks, owned by any outside authority? Is it not true that in this country we have provincial ownership of highways, and that any arrangement made with respect to trucking and that sort of thing would have to be made through the provinces and not through the central authority?

Hon. Mr. BEAUBIEN: I am afraid that my answer will not be very satisfactory to the right honourable gentleman. I know nothing at all of that particular question in Great Britain. What I have said refers to France.

Right Hon. Mr. GRAHAM: My honourable friend spoke of Great Britain.

Hon. Mr. BEAUBIEN: I did, but if my right honourable friend will read my remarks he will find that I have not spoken of roads or motor-cars in Great Britain.

Right Hon. Mr. GRAHAM: I thought my honourable friend mentioned the word "trucking" at least half a dozen times.

Hon. Mr. BEAUBIEN: Yes, as respects France; and it needs to be mentioned several times as respects Canada as well.

Right Hon. Mr. GRAHAM: I think the whole subject would be made clearer to the people of this country if they were given to understand that in Canada the Federal Government has nothing to do with the highways, and that any arrangements to do away with truck competition would at least have to be made with the consent of the provinces.

Hon. Mr. BEAUBIEN: I know that. If I had not known it before last year, I should have learned it then.

Right Hon. Mr. GRAHAM: Or to-day.

Hon. Mr. BEAUBIEN: To curb the competition on the highways—

Right Hon. Mr. GRAHAM: That is a different matter altogether.

Hon. Mr. BEAUBIEN: May I answer any other questions for my right honourable friend? If not, I shall proceed.

Faced with the same disastrous conditions as exist in Canada, the governments of those three countries are up and doing. Why is our Government lying down before its task and responsibility? I surmise there is but one answer: the present Administration is held by the fear of political consequences. But as no government dares to exhibit such human frailty, the present Administration now boldly champions the railway policies of 1930. Lord Salisbury stated that the commonest fault of political parties was to cling to the carcasses of dead policies. The co-operative competitive system, which was hailed with buoyant hopes, sickened from the first, and under the present Administration soon passed away. It is now but a corpse, offensive and obstructive; so I say let us remove it, bury it, and forget it.

Mr. Bennett's prophecy that, unless settled, the railway problem would destroy the financial integrity of Canada is infinitely truer to-day than it was in the past.

Mr. Howe's declaration in 1936, that it was inadmissible that Canada should continue to pay enormous deficits for the Canadian National Railways, is truer to-day, by several hundred million dollars, than it was then. But Mr. Howe's clear-cut statement that it was the Government's duty to remove the burden of the Canadian National Railways from the back of the taxpayers was made long after the elections of 1930 and 1935. Was that declaration warranted in 1936? Is it not far more justified to-day? Did the Minister not speak for the Government then? Was he deliberate and sincere then? If so, why does he now permit the Government to adopt a totally different attitude?

In 1936 it was the duty of the Government to take the load off the back of the taxpayers. In 1938 it is the Government's policy to refrain from all effort to relieve the taxpayers. Nay, the Government's advice to the sorely pressed public is to forget all about its troubles. In 1938 the Government is content to preach its faith cure, its false and forlorn hope that the blessings of prosperity will bring a return of bountiful traffic. Mr. Howe, the neophyte, full of zeal for public welfare in 1936, has been swept away by the current of opportunism that sways the course of his Government.

Indeed it is depressing and unwholesome for the people of Canada to see Ministers of the Crown, some of whom stand high in public esteem, absorbed in their own political security and forgetful of the people, forgetful of business harassed by taxation, of the credit

of the country, even of Canada's financial integrity, menaced in the markets of the world.

If the Government were but willing to tackle resolutely the greatest financial problem of the country, and if it agreed to call into consultation the best available experts, would my honourable friend (Hon. Mr. Dandurand) prefer the doctors who attended the patient in 1931? Let it be so. With conditions changed, their diagnosis and prescriptions will also be changed. If the Administration is diffident about imposing any new policy without consulting the electorate, let it build up that policy and proclaim it to the whole country. Then the people will at all events know that some attention is being given to their distress, and from that glimmer of hope they may gather patience and courage. But my entreaties are useless. The Administration will not in the slightest degree expose its political fortunes. During the French Revolution noblemen had to learn not only how to live, but how to die. Many sober-minded Canadians will wish for a Government that has not only the ability to stand, but the courage to fall. But the Government will do nothing.

I shall say no more. I shall spare your kind patience and curtail my useless efforts. The people will turn to the Senate for help; again they will trust it in a moment of need. I will therefore accept the amendment of my honourable colleague from Westmorland (Hon. Mr. Black).

In closing, I make bold to suggest to the Government as a subject of meditation the prayer of the Greek sailor, which has been preserved for us by Seneca:

> O God, You may save me if You will; You may sink me if You will; but, whatever happens, I will always keep my rudder true.

Hon. RAOUL DANDURAND: Honourable senators, I was somewhat surprised at the vehemence of my honourable friend when, in speaking for the Government in this Chamber, I suggested that I was ready to agree to a committee examining into and testing the value of his formula, which means unified management and in my view is tantamount to the organization of a monopoly, as compared with co-operation between the two railways, which was the policy of the late Government and is the law to-day. If, in that committee, my honourable friend fails utterly to establish that the country can save $75,000,000, or $40,000,000, or even $20,000,000, and if he discovers that all the saving that can be effected under unified management can be effected under co-operation, will he not change his tone? However, it is only when we shall have made that inquiry that the country will have to decide as between co-operation and unified management. I am not prejudging the question.

Of course, I intend to place before the Senate certain facts for consideration by the committee. Nobody is bound by the statements of Sir Edward Beatty. We know that he has been carrying on a campaign, primarily, if not wholly, in the interest of the Canadian Pacific Railway. But there is something far more important in the minds of our people than Sir Edward Beatty and the Canadian Pacific, and that is the general interest of Canada. Before this special committee is appointed it may be opportune to indicate the duty which, to my mind, it will have primarily to perform. It will have, I suggest, to obtain details of the general statements, constantly repeated, of large savings to be effected through unified management. The sum of $75,000,000 has been, so to speak, the leitmotiv of that thesis.

I had not known that Sir Edward Beatty had been queried as to the basis for his estimate of savings. I should like to dilate on the answers he made to a number of questions put to him by the Ottawa Journal in January last, since these will be a subject-matter of our investigation. His statements still deal in generalities. As Sir Edward has had the whole field to himself, the Canadian National officials having felt that they could not with propriety lay their views before the public, I deem it my duty to present those views before the Senate. They should carry as much weight as those of Canadian Pacific officials. In many instances the views of Canadian National officials are opposed to allegations of the Canadian Pacific. They can be tested before our special committee.

I come now to the answers made by Sir Edward Beatty to the Ottawa Journal's questions. The first question put to him was:

> Upon what did the executives of Canadian railways, in their evidence before the Duff Commission, base their estimates of such a saving?

That refers to the estimate of a saving of $75,000,000. The answer by Sir Edward Beatty was:

> The estimates furnished the executives of the Canadian railways were arrived at after careful analyses of the traffic, service, equipment and facilities of the two railways.

This is hardly a correct statement, because Sir Edward Beatty could not have had access to the details of Canadian National traffic and services nor to the detailed information regarding Canadian National lines of railway. There could not, therefore, have been "care-

ful analyses." All that could have been made was a generalized estimate, arrived at without full information as to the facts or as to all the ramifications of the measures proposed to be taken in specific instances. The difference between an estimate based on generalized figures and an estimate based on detailed knowledge hardly needs to be emphasized. It almost invariably turns out that when detailed information is examined the economies anticipated on general grounds are found to be impossible of attainment, or seriously curtailed. A classic example is the grouping of English railways.

Mention was made by my honourable friend from Montarville (Hon. Mr. Beaubien), in his opening speech as well as in the one to which we have just listened, of the position of the railways in England, where 20,000 miles of line were divided into four groups for more effective operation and management. The case is not analogous to the Canadian situation. In England the element of competition was not affected; in Canada the element of competition as between the two railway systems would completely disappear.

Right Hon. Mr. GRAHAM: Hear, hear.

Hon. Mr. DANDURAND: In Britain there is no monopoly involved; in Canada a huge monopoly in railway transport is proposed. In Britain the railways are also engaged in highway transport; in Canada jurisdiction over the highways is vested in the provinces. In Canada there is involved the conflicting question of public versus private ownership; in Britain all the railways concerned are privately owned. In Canada scores of railways are now consolidated into either the publicly-owned or the privately-owned system, and we have two competing systems covering 40,000 miles of line, as against four competing systems covering 20,000 miles of line in Britain. We are thus further advanced already in matters of consolidation than they are in Britain.

Right Hon. Mr. MEIGHEN: Will my honourable friend permit a comment? What he fails to point out is that, though there are four systems in Britain, they are not competing systems. They operate in separate areas of the country, and in their respective areas each is what the honourable gentleman refers to as a monopoly. Of course, my contention is that there is no monopoly at all.

Hon. Mr. DANDURAND: I think if my honourable friend will listen to me a little longer he will find that he is in error in the statement he has just made.

There was much generalization as to the savings that would be effected under the British plan. I have here a memorandum on grouping of railways in Great Britain, from official statistics supplied at my request by the Bureau of Economics of the Canadian National Railways. There have been attempts to establish a similarity between Sir Edward Beatty's plan for the unification or amalgamation of the Canadian National and Canadian Pacific Railways and the grouping of railways in Great Britain, which took place in 1923 as a result of enabling legislation passed in 1921. There is, however, little similarity between the two plans except that each was preceded by confident prophecies of large-scale economies, based on generalized and theoretical grounds. In the case of the grouping of English railways these large-scale economies have not been realized, although it is fifteen years since the grouping plan was put into effect. It is a significant fact that the English railways face current difficulties, not with a proposal to consolidate into one large system, but, on the contrary, by applying principles of co-operation similar to the principles set forth in the Canadian National-Canadian Pacific Act.

What really happened in England was the consolidation of 120 companies of varying size into four companies, so arranged as to preserve competition in most of the important centres. In Canada similar consolidations have taken place over a period of years into two systems serving competitively the principal centres of the country. There is no difference in principle between the Canadian and the British situation except that the consolidation of small companies into large ones without destroying competition has been given fuller scope in Canada than in England, and in this country has resulted in two main systems, whereas in England it has resulted in four.

Hon. Mr. CASGRAIN: Where they have ten times as many people to the mile as we have.

Hon. Mr. DANDURAND: The following analysis of centres of population in Great Britain shows how many are served by four railways, three, two and one railway respectively:

	Served by			
	4 Rys.	3 Rys.	2 Rys.	1 Ry.
Large centres in excess of 1,000,000 population	1	..	2	..
500,000-1,000,000 population	..	2	1	..
200,000-500,000 population	..	..	8	5
100,000-200,000 population	..	1	12	15
	1	3	23	20

Eighty per cent of the population of Great Britain living in centres of 100,000 or more are served by two or more of the English groups, and it is evident that competition was left as a very live factor in the English situation after grouping had been accomplished.

While Sir Edward's plan for unification differs widely in principle from the British group plan, it may be informative to those who expect large economies from a further consolidation of Canadian railways to examine the promises which were made as regards the English railways and the results which were obtained. The British public were told the grouping would result in economies of £20,000,000 to £45,000,000 a year. They were told this authoritatively. Sir Eric Geddes, then Minister of Transport, made the boldest claims of any. He asserted in the House of Commons in 1921 that within six or seven years amalgamation would possibly result in a saving of £25,000,000 a year. Some estimates, he said, reached the figure of £45,000,000. The Attorney-General told the House a few days later that "it was never suggested that the figure of £25,000,000 represents the whole of the economies which might be expected from the Bill." Sir Eric Geddes later said:

> A committee of six, composed of men who are as well qualified as any in this country, advised me that certain economies could be effected. The best figure we could get gave us something over £20,000,000. But even that was not exhaustive. An entirely independent estimate was made in 1918, which put the figure of possible economies, on 1913 prices, in the neighbourhood of £20,000,000.

It is highly significant that when production of the details upon which these estimates were based was asked for, the Parliamentary Secretary of the Minister of Transport stated that the display of the documents relating to these estimates would be "prejudicial to the interests of the public service." The Railway Gazette was frankly skeptical that such economies could be realized, and stated in 1922, "there would be possibly no resultant economy in the long run"; and again that the whole scheme "rests on a very flimsy foundation, a strange belief in the great economies to be derived from grouping." As time went on and the economies did not materialize, apologies began to be offered. For instance, in 1927 Colonel Ashley said, in reply to a question:

> As my honourable friend is no doubt aware, the Railways Act of 1921 provided for an extensive reorganization of the railways. Important changes of this kind cannot yield their full results at once.

Sir Josiah Stamp in 1926 stated:

> The question is asked, "Have we realized the savings predicted?" I answer "No." Economies of amalgamations take time to become effective. We hope that the amalgamations and economies will be effective later. But it takes a long time to work them out.

Right Hon. Mr. MEIGHEN: When was that said?

Hon. Mr. DANDURAND: That was said by Sir Josiah Stamp in 1926.

On another occasion Sir Josiah advised against taking too seriously the "glibly given and blithely estimated economies." Again Sir Josiah stated, "People talk glibly about economies, but it is not realized that physically they are often most expensive to bring about and need considerable capital resources." And Lord Monkswell, speaking in the House of Lords in 1927, stated that "the claim which was made that railway amalgamation would produce large economies by the elimination of competition was one more illustration of the contempt for the intelligence of the public which was characteristic of the railway hierarchy."

Right Hon. Mr. MEIGHEN: From a representative of which class the honourable gentleman got the memorandum he is now reading.

Hon. Mr. DANDURAND: They know one another well.

The enabling legislation covering the grouping of English railways contained protective provisions as regards displaced labour. Any person who had been a permanent employee for five years before August 21, 1921, was assured (a) a continuance of employment in the grouped companies, (b) a position no lower than his former one, or (c) compensation. It has been customary to ascribe the lack of economies to these provisions, but the time has long since passed when these provisions could be said to exercise a serious restraint on putting economies into effect.

because it is now fifteen years since the grouping was made effective and the present-day employees of British railways who had five years' service prior to 1921 can hardly exceed 40 per cent of the total. It is therefore obvious that at least 60 per cent of the present employees are not affected by the protective provisions referred to.

An analysis made by the Railway Research Service of Great Britain (maintained by the four main-line railways) for the years 1923 to 1930, and a subsequent analysis for the years 1923 to 1933, dealt with the staff employed in relation to the consolidation into groups, but failed to trace a reduction definitely to the grouping plan, it being pointed out that capital expenditures had in many cases resulted in pay-roll economy and that fluctuations in traffic had also affected the staff. It is significant that these two studies could not clearly ascribe a reduction in staff to the grouping plan, and a sound inference is that grouping has had but a minor effect.

These two reports further point out how extremely difficult it is to analyse the results of operations over a period of years and ascribe the changes in financial results to specific causes. The only definite result which emerges from an attempt so to analyse the operations of English railways is that large-scale economies ascribable to grouping cannot be found.

The changes in financial results from year to year can be related with much greater certainty to other factors, such as the general business conditions of England, the levels of railway rates, material prices and wages, capital expenditures for improvements, and the natural tendency towards increased efficiency, which should be present in any event.

I wish to place on Hansard this tabular statement showing for a series of years the gross receipts, gross expenses, net revenue, and operating ratio of the British railways as a whole:

FOUR BRITISH RAILWAYS
(L.M.S., L.N.E., G.W., & S.R.)

Year	Railway Receipts £ Mill.	Railway Expenditure £ Mill.	Railway Net Receipts £ Mill.	Operating Ratio Per Cent
1923	195·6	156·9	38·7	80·20
1924	193·0	157·7	35·3	81·71
1925	189·4	156·0	33·4	82·37
1926	162·3	145·2	17·1	89·46
1927	189·9	151·8	38·1	79·94
1928	181·5	144·7	36·8	79·72
1929	182·8	142·5	40·3	78·74
1930	172·6	138·9	33·7	80·80
1931	158·5	128·6	29·9	81·14
1932	145·4	121·4	24·0	83·51
1933	145·3	119·4	25·9	82·15
1934	151·1	122·9	28·2	81·32
1935	153·2	123·5	29·7	80·63
1936	159·3	126·6	32·7	79·48

Finally reference may be made to the fact that the British railways are effecting worthwhile, but not spectacular, economies by applying the principles of co-operation. This has taken the form of an exchange of services and the pooling of traffic between competitive points where economies can be clearly demonstrated. At the present time it is probably safe to say that more than one-half of the railway traffic of Great Britain is involved in some pooling arrangement. The economies attributable to this pooling have been estimated at £350,000.

This is the second question which the Ottawa Journal put to Sir Edward Beatty:

Is Sir Edward himself in possession of facts leading him to suppose that such a saving would be possible?

His answer is, "Yes."

Now, question 3:

If so, what are the facts?

Answer:

Based on a year of normal traffic volume, Sir Henry Thornton estimated possible economy of $60,000,000. Sir Edward Beatty's estimate was based on the year 1930 and showed a possible economy of $75,000,000.

It seems to me that this reiteration of his generalized statement can hardly be called an answer to the question. Opinions are not facts.

Question 4:

Would such a saving involve the tearing up of many miles of tracks, and, if so, how many miles?

Answer:

The economies to be derived from the joint operation and management of the two properties

are not primarily dependent upon abandonment of railway lines. The major part of the savings would be possible without any abandonment. However, careful analyses indicated that there were up to 5,000 miles of line in Canada which could be classed as duplicate or redundant. With a re-routing of traffic, some of such lines could either be abandoned or the standard of maintenance reduced in keeping with the changed nature of the traffic.

Of Sir Edward Beatty's estimated $75,000,000 economy he ascribed $16,400,000 to the abandonment of 5,000 miles of railway. He now points out that line abandonments are a relatively minor factor in his programme of economies. He does so for a very good reason—that when, after five years of study, detailed estimates were prepared in the light of accurate knowledge as to local conditions, it became apparent that instead of $3,300 savings per mile as applied to 5,000 miles under his programme, only 676 miles of line could be abandoned, with $580,000 of expected net economy, or about $860 per mile.

Should the rest of Sir Edward's generalized estimate of economies shrink in the same proportion when given the touch of reality by careful study, his case for unification on the basis of large-scale economies would disappear. Therefore he now rejects as unimportant one of the features of his plan, which he advised the Royal Commission was essential.

In giving evidence before the Royal Commission on Railways and Transportation in 1932, Sir Edward stated that he had appointed a committee of his officers to estimate the economies from unification. At page 2409 of the proceedings of the Royal Commission he is reported as follows:

> The first task of the committee was to determine what tracks it was considered could be abandoned if the properties were operated as a unit.

He now states that the abandonment of lines is to be the last thing contemplated.

At present, therefore, he turns to large-scale economies from the re-routing of traffic over the best routes. But just as it has proved feasible under co-operation to study the abandonment of lines and, if found to be economical, to make abandonments effective by agreement, so it is possible to study the re-routing of traffic over the best routes and make agreements which will divide the benefit from specific known economies, without dragging in as a collateral issue all the disadvantages of unification. If proof of this be needed it may be found in what has been actually accomplished. The pooling arrangement in effect for Quebec, Montreal, Toronto and Ottawa is exactly such an arrangement.

There is also a co-operative arrangement in effect between Fredericton, N.B., and Vanceboro, Maine, whereby the Canadian Pacific handles Canadian National freight traffic on its trains. There is another co-operative arrangement in Western Canada for the handling of Canadian National Railways grain cars between Calgary and Kamloops by the Canadian Pacific Railway, and of Canadian Pacific Railway grain cars between Edmonton and Kamloops by the Canadian National Railways.

To the extent that other opportunities for such co-operative economies exist, the same machinery is applicable. A number of instances might be cited, such as an extension of the present passenger-pooling arrangement to services west of Toronto. I am told that the pooling agreement east of Toronto to Ottawa and Quebec has been profitable. Sir Edward will have to explain before our committee why it would not also be profitable west of Toronto to Windsor. From Woodstock to Windsor there are 150 miles of duplicate tracks running closely parallel. Again, there could be considered the handling of Canadian Pacific traffic over the Canadian National between Winnipeg and eastern points because of shorter distance and better grades than on the Canadian Pacific; and, conversely, the handling of Canadian National traffic over the Canadian Pacific line between Winnipeg and the Head of the Lakes. In fact, it is impossible to specify any type of economy arising from a physical handling of traffic, whether it be the abandonment of lines, joint use of terminals, joint use of stations, economy in train service, economy through the consolidation of railway shops or engine-houses, or even such matters as joint advertising, which cannot be accomplished by co-operation. Within the limits set by public interest and prudent administration, co-operative economies can be proceeded with even more intelligently and expeditiously under co-operation than under unification, because under co-operation the efforts of the technical staff can be directed to specific and practical problems of which they have detailed knowledge, instead of their being confused as a result of the fusion of staffs which would follow unification.

It is significant that the English railways, having failed to realize large-scale economies from grouping, have now turned to co-operation through the interchange of traffic and pooling arrangements, with gratifying though not spectacular results.

What is really needed to test the ability of co-operation to produce sane economies is the will to co-operate. Lacking that, econ-

omies from co-operation must be non-existent or procured grudgingly. If there were less talk of the salvation of Canada, and a more earnest effort to co-operate for the production of sensible economies wherever they could be found, there would be less controversy and a good deal more effective results.

This is the Ottawa Journal's fifth question:

In the event of the necessity of tearing up tracks, where, in what parts of Canada, would the tracks be torn up, and where would a beginning be made?

To which Sir Edward Beatty replied:

As has been indicated, the tearing up of tracks would neither constitute the major nor initial step in securing unification economies. In carrying out the physical unification of the two systems, the first step would be to re-route the traffic in order to utilize the most economical facilities and secure the most efficient handling. The re-routing of traffic offers a wide scope for economies throughout the whole of Canada.

Hon. Mr. GORDON: That is the important point.

Hon. Mr. DANDURAND: That is what I should like Sir Edward Beatty to appreciate. He continued:

After conditions had become stabilized on the route selected for permanent operation, the sections of track which should be abandoned would be clearly indicated and their elimination should be accomplished without serious friction.

My comments on question 4 apply with equal force to question 5, but it is interesting to note that Sir Edward plainly implies a long period of adjustment during which, he says,

The first step would be to re-route the traffic in order to utilize the most economical facilities and secure the most efficient handling. . . . After conditions had become stabilized on the route selected for permanent operation, the sections of track which should be abandoned would be clearly indicated.

Plainly, this implies a long period of study and trial of one route against the other, and the inference is plain that if the people of Canada expect any substantial economy to be quickly apparent they will be disappointed.

Sir Edward speaks of the elimination of duplicate lines as being capable of accomplishment without serious friction. In answer to this and other questions he seems to intimate a modification of his 5,000-mile programme of line abandonments, and until it is known specifically what lines he intends to abandon it is impossible to say whether or not serious friction would result.

Sir Edward implies that the lines of railway he proposes to eliminate are mainly valuable as through competitive routes, and that service to the communities through which they pass is of minor importance. The true situation with regard to most lines which are duplicate as through routes is that in addition to furnishing competitive through routes they serve the essential railway transportation requirements of the local communities, and that without this service the communities would cease to exist and be productive. There is a comparatively small mileage of duplicate and closely parallel lines of railway in Canada, and all have been reported upon or are under study at the present time.

The major portion of the mileage marked down in Sir Edward Beatty's 5,000-mile programme, however, was for lines with regard to which the colonization and development feature is at least as important as any function they perform as through routes. If Sir Edward's revised programme contains such lines as "the National Transcontinental Railway between Winnipeg and Nakina and the old Canadian Northern between Long Lac and Ottawa," which were contained in his first programme, Sir Edward Beatty has perhaps underestimated the friction which would result.

In question 6 the Journal asked Sir Edward:

Would such a saving necessitate the dismissal of railway employees, and, if so, of how many railway employees—this in view of the fact that so large a proportion of railway costs are labour costs?

He answered:

Unified management of the two railway systems would ultimately result in a reduction of from 15 to 17 per cent in the numbers of those employed in a year of normal traffic. The number of railway employees affected at any stated time depends upon several considerations, such as whether traffic volume was increasing or decreasing, the rate at which the unification plans were progressed and the policy to be followed in regard to the employee situation. After all, the actual adjustment in labour employment will be solely dependent upon the rate at which it is decided to eliminate the present uneconomic cost of duplicate railway services. It should be possible to progress the plan of unification at a reasonable pace so as to keep the number of present employees unfavourably affected, and thus entitled to compensation, at a minimum.

This is a typical generalization designed to minimize the distasteful aspects of unification. It may be demonstrated that during a period of depression the discharge of employees effects no real national economy; it only affects the incidence and distribution of purchasing power and taxation. Under these conditions, if railway workers lose their wages, they go on the relief rolls and are supported by public taxation. Therefore the nation in seeking to reduce its railway burden would be adding to its burden of unemployed. Accordingly it is not surprising that Sir Edward minimizes the rate at which labour would be

displaced. But the laws of logic are inexorable, and if he does not discharge employees he cannot get his theoretical economies. So in the answer to question 6 he plainly intimates that if this country expects to get any relief in the near future from railway costs it will be disappointed.

Regarding Sir Edward's statement as to the possibility of effecting economies by the gradual reduction of staffs, one may turn again with profit to the experience of English railways with grouping. In that case, just as by Sir Edward, large economies were promised by proponents of grouping. In that case also the disturbance to labour was to be taken care of gradually by normal labour turnover, due to pensionings, deaths, dismissals for cause, and so forth, it being specifically provided in the Act that labour should not suffer pecuniary disadvantage. Sir Edward estimates these factors to be 5 per cent per year. Therefore in the fifteen years since the English roads were grouped there has been, according to Sir Edward's estimate, an opportunity to reduce staffs by 75 per cent. So the failure to obtain large-scale economies in England as a result of grouping can no longer be attributed to the limitation of economies due to labour disturbance. Employment furnished by British railways, fifteen years after grouping, is very similar to the previous employment, regard being had to differences in traffic volume. Large-scale reductions of expenses and staffs are still lacking.

Plainly something more than the mere avoidance of labour disturbance has rendered it impossible to translate the anticipated theoretical savings from grouping into actual results. The plain fact is that the theoretical generalized estimate of economies could not stand up to the acid test of practicability when detailed and accurate information was available.

Now, I think it will be worth while to examine the relative savings claimed for co-operation and for unification. Sir Edward Beatty, before the Duff Commission, claimed a saving of $6,348,000 as possible by co-operation of Canadian National and Canadian Pacific railways in establishing joint trackage, stations and terminals; but on the basis of the 1933 Act a saving of only about a million and a quarter annually has been effected in the five years that have elapsed, and this principally from pooling of passenger services, which was not included in the Canadian Pacific estimate of six millions odd. The net result is disappointing, and a question arises as to what might have been accomplished had there been a greater willingness to co-operate and a little less intensity displayed in the drive for unification.

As I have already pointed out, what is really needed to test the ability of co-operation to produce sane economies is a will to co-operate. Lacking that, economies from co-operation must be non-existant or procured grudgingly.

The saving claimed from unification is $75,000,000. The claim was based upon operating results that no longer obtain: both railways have already reduced to a minimum their operating costs and charges. Just what savings might reasonably be expected from unification would be a matter for railway experts to determine on the basis of present conditions, not those of eight years ago. That certain economies are possible from unification cannot be doubted, but it is for the people of Canada to consider whether they would be worth while in view of the disturbance which unification would cause in business and industry and in our economic and social life. Our railways have been projected on a scale designed to take care of the future and to admit of reasonable progress in the opening up and development of the country. If we surrender now to the fears engendered by the unification campaign and "put up the shutters," as it were, shall we not be stultifying Canada's future and discounting the possibility of expansion and progress to which Canada looks forward, even under the present disturbed conditions?

However, it is not necessary to pay undue attention to such a "counsel of despair" in respect of the railways. Before the Duff Commission, representatives of the Canadian National Railways expressed the view that an annual saving of $30,000,000 was possible from complete co-operation between the two railways, about 60 per cent of which saving would accrue to the Canadian National. This involved proposals with respect to elimination of trackage and consolidations of telegraph and express business, hotels, local facilities, etc., against which objection would be urged from some quarters, just as objection has been urged to abandonments and consolidations under unification. The point of interest is that the Canadian National officials feel that very substantial savings are possible without resort to unification. Discussing this $30,000,000 estimated saving from co-operation before the Duff Commission, Mr. S. J. Hungerford, now President of the Canadian National Board of Directors, said:

> I suggested this morning, and I suggest again, that probably many of the items involved are not possible of attainment under all the conditions that exist in this country, and therefore

they would not be realized under one condition or the other. But in a general way it is my belief that nearly as much economy can be effected, with proper methods, under separate operation, as can be effected under amalgamation. I do not think the difference between the two would be very great, and in my view, at least, there are very serious objections to monopoly under those conditions at all.

I bring these views and comments before this Chamber so that we may know something of the respective advantages of unification and co-operation, and examine and test them before the special committee. In its membership there will be, perhaps, only two or three who, to use the words of Professor Jackman, are "saturated with politics." In the weighing of two formulæ the economies possible under unification would have to outbalance decisively the economies feasible under co-operation in order to persuade the people of Canada to resign themselves to amalgamation, which clearly means a monopoly under private management.

Having set these facts before the Senate, I desire to say that to my mind the principal object of the committee will be to see to what extent these two railways have co-operated, what they have accomplished, what they are in process of accomplishing, and what are their hopes for the future. We must not forget that we are examining a situation that we ourselves created by the Act of 1933. We should treat the problem sympathetically, because we are dealing with our own property, upon which vast sums of public money have been expended, and in which our people are very much interested. When that inquiry has been made I shall have no objection whatever to our testing the value of unification in order to see what it can offer that is not offered by co-operation. I repeat, it will be for us to enter seriously into this matter and come to such conclusions as we deem advisable in the best interest of our population.

Hon. Mr. CASGRAIN: I should like to ask my honourable leader a question. I did not want to interrupt him during the course of his most eloquent speech. The question is this. What comparison can be made between the English railways and our railways in the matter of unification when the former have ten times as many people per mile as the Canadian railways have? If we had a similar population per mile of railway we should have a big surplus.

Hon. Mr. DANDURAND: The answer is very easy. In the consolidation of the British railways into four units the principle of competition was respected. This is evident from the figures I have given. Yet under the principle of competition an effort has been made by means of co-operation to reduce railway expenditures by a re-routing of traffic and by pooling arrangements. I think that in Canada, if there is a will to do so, we can accomplish the same end under co-operation. Of course I know that from the very day when the Act was brought before the House my right honourable friend had to cope with the hostility of Sir Edward Beatty, who entered into co-operation against his will. Should we wonder now why it has produced so little in the way of results?

Hon. G. GORDON: We have evidently not been getting co-operation to any extent. At all events, there are no results of any consequence.

There is one point which I think has been overlooked, and which anybody, even though he may not be a railroad man, can understand. According to the rules and regulations, when one railway company applies to the Board of Railway Commissioners to have a rate established for service between two points, the other company, which may have to haul its traffic one hundred or more miles farther in accomplishing the same end, may if it so desires—and it always does—compete with the first railway at the same rate. A man does not need to be a practical railroad man to know that traffic can be hauled over the shorter route more cheaply than over the longer one.

Hon. Mr. CASGRAIN: It depends on the grades.

Hon. Mr. GORDON: That may enter into the question, if the grade on one railway is worse than the grade on the other. But one does not have to go very far from here to see numerous instances of railways hauling freight for distances far in excess of the distance by the shorter route. To me that is absurd and ridiculous, and I wonder why men in the railroad business who are trying to co-operate cannot co-operate in that respect. In my opinion there is more room for saving there than anywhere else that I can think of.

There is one other thing I should like to say. It is going to be very difficult to find many places where lines can be eliminated. I do not believe we can pull up anything like 5,000 miles of track. I know of one particular line which apparently never should have been laid, but which to-day, owing to the fact that mineral has been discovered in the same section of the country, is one of the best paying short lines the Canadian National Railways have. That is only one instance. There may be others.

In looking around in the restricted area with which I am familiar, I do not see any better way to effect a saving than the way which I have already referred to, namely, the adoption of a policy of hauling the freight over the shorter line; and, even if nothing else is done, I believe an Act should be passed restricting the traffic to the shorter line unless some arrangement can be made whereby the longer haul would cost no more than the other.

Hon. Mr. CASGRAIN: The honourable gentleman is a lumberman, and lumbermen know something about everything. In their business they have to.

Hon. Mr. DANDURAND: One of them being yourself.

Hon. Mr. CASGRAIN: And I am not ashamed of it. But does the honourable gentleman know that it costs less to ship flour from Montreal to Halifax or Saint John than to ship it to some place in between those points?

Right Hon. ARTHUR MEIGHEN: Honourable members, I have no thought at all of entering into the general debate again, but I want to make one or two comments on matters with respect to which I was rude enough to interrupt my honourable friend.

Hon. Mr. DANDURAND: My right honourable friend is always welcome to do so.

Right Hon. Mr. MEIGHEN: I am afraid my honourable friend is going to enter the jury room of the Senate committee a somewhat prejudiced juryman. It is clear that if he were challenged by counsel for unification he would have to stand aside.

Hon. Mr. DANDURAND: I do not intend to be the cross-examiner myself.

Right Hon. Mr. MEIGHEN: But the honourable gentleman is to be on the jury which is to decide this matter. I did not think it was very encouraging to the House that he should show such pronounced views in advance.

Hon. Mr. DANDURAND: My honourable friend from Montarville (Hon. Mr. Beaubien) will be there.

Right Hon. Mr. MEIGHEN: Yes, that is true. Because he is the proposer of the whole plan, he will have to be there to defend it; but I would rather the head of the Government were not going in pledged to any side. I am not. I have been proclaimed as advocating unification. Possibly I shall succeed in making my position clear before I sit down.

I wish to comment now on the practice of officials of the Canadian National Railways making themselves champions of the continued separate existence of that system. I do not know who prepared the memorandum from which, in the main, my honourable friend quoted, but I have a very good idea. My idea is that it was an official of that system. I do not appreciate the practice on the part of high salaried officials of the Canadian National Railways of making themselves protagonists through this country on this subject.

Hon. Mr. DANDURAND: Will my right honourable friend allow me? They have stood aside for years, listening to Sir Edward Beatty's assault on the Act of 1933, and seeing him carry on a unification campaign which has had the effect of belittling the Canadian National Railways and imperilling the morale of the thousands of men along that line. All I have done is to apply for, and to obtain, information to which I was entitled. These men have remained silent during years when they felt the whole system was being traduced by Sir Edward Beatty.

Right Hon. Mr. MEIGHEN: I do not think my honourable friend is right. In so far as getting information from the Canadian National Railway officials is concerned, that is quite a proper thing to do, and it is quite proper for those officials to provide information. But there was much more than information in the memorandum read by my honourable friend. It contained material which was of a distinctly controversial character; controversial as respects not only Sir Edward Beatty, but also Sir Eric Geddes and those who were the fathers of the present railway policy in Great Britain.

I have read nothing which convinces me that Sir Edward Beatty has been making any attack on the Canadian National management. Wisely or unwisely, he has been championing a proposition for unification of managership of the two systems; but that is not attacking officials of the Canadian National Railways in such a way as to justify them in becoming protagonists before the public of Canada for the railway policy of this Dominion. If there never was a union in our country of two competing, or of three or four or five redundant business enterprises, until the salaried officials of each found themselves in favour of that union, all would continue under their own steam for ever. You will never get economies of unification in any field if you wait for the approval of those economies by persons who are enjoying good salaries under the system as it is.

Some Hon. SENATORS: Hear, hear.

Right Hon. Mr. MEIGHEN: There would now be more than the one newspaper in Brockville, under the able management of the right honourable senator from Eganville (Right Hon. Mr. Graham), if he had taken the advice of the salaried officials of the other newspaper. The same principle applies throughout the whole world of business. Salaried officials try to have it proclaimed—and they succeed in having it proclaimed in this House, anyway—that not very much can be saved by unification which could not be saved by co-operation. They want us to think that we can be just as economical and efficient on behalf of the people of Canada under things as they are as we could under a system which would follow a course such as business in every corner of the world takes when seeking efficiency. In magazines and through mouthpieces on the floor of Parliament they present arguments to the people of Canada. Surely, from the standpoint of efficiency alone, all we need is a little common sense and business experience. With the railway map before us, surely nobody whose eyes are open will tell us that tremendous economies cannot be made.

The memorandum stated that England did not get the economies she expected. Sir Eric Geddes said so-and-so back in 1921, and in 1927 someone else had to admit that all the expected economies had not been reached. Naturally that would have to be admitted. If we take some similar step it is probable that ten years from now we shall have to admit that we have not reached our full objective and that maybe we never shall. But did this memorandum show what goal had been attained in England already? If we ever get as far towards the solution of our problem as England has got towards the solution of hers, I shall be happy and consider the problem something belonging to the past. We know where England is. Ask any one from that country. Ask any English business man if the British railway situation is not infinitely better from the standpoints of service and transportation than it was fifteen years ago, and at least as good from the standpoint of labour. What will his answer be? You will not get a divided opinion. I have never heard a variation of opinion when that question was put. But if any Canadian visiting in England is asked whether our railway situation is getting any better, whether it is satisfactory to Canada, or whether there is any present hope of its becoming satisfactory, will he answer "Yes"? He will have to throw his hands in the air and say "No."

I find myself in full agreement with the honourable leader of the Government (Hon. Mr. Dandurand) when he says that we have not had from the Canadian National-Canadian Pacific Act the results we should have had. Probably the results were not as great as they should have been even before the Act was altered. I doubt not that criticism could be levelled at both railways, the Canadian Pacific as well as the Canadian National, on the ground that neither of them wholeheartedly attempted to effect economies. I fully expect that when a committee is appointed and railway officials appear, the committee will be convinced that the railways have not tried as they should have, and I am satisfied that indictment will lie just as heavy against Canadian National officials as against those of the Canadian Pacific. It is going to lie still heavier under the present system, as enacted by the legislation of 1936, than it could when the former system was in effect. Why? Because since 1936 the head officials, the management, the executive of the Canadian National have been directly under the Government. What co-operation could be effected under these conditions? The Government will not agree to any co-operation which would be unpopular, which would deny votes to the Minister of Transport in Fort William.

Hon. Mr. DANDURAND: We shall find out about that at the inquiry.

Right Hon. Mr. MEIGHEN: We may. The point I am arguing is this, that the legislation of 1936 destroyed the conditions under which co-operation on the part of the Canadian National Railways would be encouraged.

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

Right Hon. Mr. MEIGHEN: Those conditions were destroyed when Canadian National officials were made directly answerable to the Government once more. They being so answerable, their conduct with regard to co-operation and everything else must be such as will not injure the political fortunes of the Administration.

Hon. Mr. DANDURAND: We shall test that point.

Right Hon. Mr. MEIGHEN: We do not need to test it, because it has already been proclaimed. In any event, it is true to human nature, to the very depths of our beings. You cannot get away from it. If it had not been proclaimed by the Minister of Transport we should have known it was correct anyway. There has been no more effort towards co-operation on the part of one railway than on the part of the other, and we

shall likely find that out. We have gone a very short distance along the road of co-operation and I do not believe we are ever going to get very far.

I am asked: "Would you, then, unify the railways?" If the railways are to be unified under Government ownership, Government operation and Government management, I would just as soon leave things as they are. That is what I think to-day of the prospects of Government operation of railways. And I am not very hopeful that our railways will ever be amalgamated in any other way. I have some knowledge, at this late day in my life, of public opinion in this country, of the clash of classes—not so much the clash of interests—and of the arguments and appeals that are addressed to public opinion, appeals of the grossest kind which not only are made, but prevail, and will prevail in the future as in the past. A stage is being approached in this country, and still more closely in the republic to the south, which is an inevitable and logical consequence of a curse-at-profits-and-laugh-at-debt attitude on the part of the public. We are drifting, drifting, drifting, and we can see black days ahead, just as surely as we have eyes in our heads. If there is an appeal in this country for unification we shall hear all the cries against that great monster, monopoly, or lack of competition. I throw the taunt aside as largely humbug. It is not entirely humbug, but pretty much so.

The honourable leader (Hon. Mr. Dandurand) says that in England four railway systems are competing. I have stated that I should like to see in effect in this country something like what exists over there, and so I will set about to define, very briefly, the English situation. They have four systems, it is true, and we have two. The honourable gentleman argues therefrom that we are farther on in the way of consolidation than they are. That is not true. In England there are four systems, but they are geographically distinct, and there is not competition of that kind which destroys capital and earnings. Some cities and big towns are served by two or more railways. No doubt all four lines run into the city of London, for instance, and probably two into Liverpool, but they are not competing with one another between the two cities. And what competition exists is overridden by the pooling of earnings. That makes all the difference in the world.

Hon. Mr. DANDURAND: We can do likewise here.

Right Hon. Mr. MEIGHEN: There is a pooling of earnings and an allocation of earnings over the various securities.

Hon. Mr. DANDURAND: Can we not do that here?

Right Hon. Mr. MEIGHEN: I should like to see that done here. I will raise my hands and my voice in support of the honourable gentleman if he will get something like that done in Canada. That is what we want.

Hon. Mr. BEAUBIEN: That is unification.

Right Hon. Mr. MEIGHEN: If we in this country could just get together and subdivide the securities of our two systems, place in class A of Canadian Pacific securities those which on earnings of the last five or ten years are considered perfectly secure, and in class A of Canadian National securities those selected on the same basis, then proceed to select class B securities for the Canadian Pacific and corresponding ones for the Canadian National, and finally class C securities for each road, and if we could get a management and bind it by law to apply the earnings first, pro rata, to class A, then pro rata to class B, and lastly, pro rata to class C, we should have the management in such shape that it could not possibly sacrifice the interests of the Canadian National without sacrificing its own. It would be in such shape that every day it worked for itself and for its shareholders and bondholders it would be working also for holders of Canadian National securities and the people of Canada. That is something like what exists in England.

Hon. Mr. HUGESSEN: No.

Right Hon. Mr. MEIGHEN: Of course it is. My honourable friend says "No." I should like to have him speak now and tell us what the difference is. I know it is not exactly the same, but it is along that principle. There is a pooling of earnings, which is a principle we should have here.

Hon. Mr. DANDURAND: A pooling of earnings on certain lines, just as we have for Toronto, Ottawa, Montreal and Quebec.

Hon. Mr. HUGESSEN: They have a division of competitive receipts, but not pooling. It is completely different from pooling.

Right Hon. Mr. MEIGHEN: Just go so far in Canada and I shall be satisfied.

Hon. Mr. HUGESSEN: We have it now between Montreal and Toronto, for instance.

Right Hon. Mr. MEIGHEN: No. If we could get a pooling of competitive receipts we should go a long way towards solving our problem.

Hon. Mr. DANDURAND: It is on competitive lines, just as we have now for Toronto, Ottawa, Montreal and Quebec.

Right Hon. Mr. MEIGHEN: Very well. But I want further protection for the Canadian National. I want the allocation of earnings provided for right in the body of the agreement, so that the public's property could not possibly be prejudiced. I want that under all conditions. If honourable members opposite join in a completely non-partisan effort to achieve an agreement on that basis, I will join with them, because in that I have some hope. In amalgamation under Government operation I have no hope at all, but I am afraid we shall come to that in Canada. I fear that economic conditions are going to force it, and that after it has come about we shall be not a whit better than before.

Hon. Mr. CANTLEY: Worse.

Right Hon. Mr. MEIGHEN: We may possibly be worse.

I hope I have not been ambiguous. I want to emphasize with all the clearness of which my language is capable that I speak for myself and no one else, and after consultation with no one else. I know I am not speaking in terms which I used years ago. I hope the years have taught me something. I know that in railway matters they have taught me a great deal. My education has evolved not in the direction in which I should have liked, but in quite the contrary direction. However, facing facts, fearful facts, facts which our people are determined not to face, I say something definite must be done, and I point the direction in which I think it could be done to the best advantage of the people of this country.

Hon. C. W. ROBINSON: Honourable senators, may I be permitted to say a few words? I agree with the proposal to appoint a committee for investigation of our railway problem, but if we are going into that committee with the idea just expressed by the right honourable leader on the other side (Right Hon. Mr. Meighen), that officials of the Canadian National should not be allowed to come freely before us and give their views on the situation, we shall be wasting our time.

Right Hon. Mr. MEIGHEN: Of course they will be free to express themselves.

Hon. Mr. ROBINSON: It will be very difficult for officials of the Canadian National to come and tell us freely what they think if they feel they are threatened with dismissal in case of a change of government. That is practically what has been threatened by the right honourable gentleman.

Right Hon. Mr. MEIGHEN: Oh, no, no.

Hon. Mr. ROBINSON: I cannot avoid that feeling. The threatening attitude which he has adopted to-day towards officials of the Canadian National will almost ruin any chance of a thorough investigation of our railway problem.

Right Hon. Mr. MEIGHEN: I cannot sit still and allow that to go uncontradicted. I object to their becoming protagonists throughout the country, in the press or elsewhere. I do not think it is good practice. That is the only exception I have taken. I did not say I wanted to have them dismissed.

Hon. Mr. ROBINSON: If we are going to get a proper investigation the officials must be allowed to come here freely and must feel that they can say what they think, without putting themselves in danger.

Right Hon. Mr. MEIGHEN: Of course.

Hon. Mr. ROBINSON: Are we to have to listen to propaganda by the Canadian Pacific Railway while officials of the Canadian National are not allowed to say a word? They have said very little. One or two of them did make a speech, but they were so strongly attacked that they have never uttered a word since. Now the right honourable gentleman says he objects to their saying anything. What is the use of an investigation under these conditions?

Right Hon. Mr. MEIGHEN: I have never known the honourable gentleman to be unfair before. I did not say that. I said it was quite proper for the honourable leader (Hon. Mr. Dandurand) to go to them for information, but that it is not proper for them to become protagonists of any policy throughout the country. That is the only criticism I have made.

Hon. Mr. ROBINSON: Are we to listen to only one side of the question, that presented by the Canadian Pacific?

Right Hon. Mr. MEIGHEN: No; to both. We shall get the facts from both sides. Canadian National officials are as free to state facts as are officials of the other railway.

Hon. Mr. ROBINSON: I hope they are.

Right Hon. Mr. MEIGHEN: Of course they are.

Hon. Mr. DANDURAND: I would suggest to my honourable friend from Parkdale (Hon. Mr. Murdock) that he withdraw his subamendment. Then, if no one else desires to speak, we can deal with the amendment of my honourable friend from Westmorland (Hon. Mr. Black). I do not desire to close the debate, but presumably it is ended if honourable members remain silent.

Some Hon. SENATORS: Question!

Hon. Mr. MURDOCK: It is evident that the so-called annual saving of $75,000,000 for the forgotten taxpayer has only been a talking point. It simply cannot be done. Therefore, with the consent of my seconder, I ask leave to withdraw the subamendment.

The subamendment was withdrawn.

Hon. Mr. BLACK: Before the amendment is put, I would ask leave to increase the number of the committee from fourteen to twenty. My seconder agrees to the change.

Some Hon. SENATORS: Carried!

The amendment of Hon. Mr. Black, as amended, was agreed to.

The main motion of Hon. Mr. Beaubien, as amended, was agreed to.

PERSONNEL OF COMMITTEE

Hon. Mr. BLACK: I move that the following senators be members of the special committee, pursuant to the resolution as amended, namely, Hon. Messrs. Beaubien, Black, Buchanan, Calder, Cantley, Coté, Dandurand, Graham, Haig, Hugessen, Horsey, Jones, Hardy, McRae, Meighen, Murdock, Parent, Robinson, Sharpe and Sinclair.

The motion was agreed to.

SEED GRAIN LOANS GUARANTEE BILL

MOTION FOR SECOND READING

Hon. Mr. DANDURAND moved the second reading of Bill 78, an Act to assist the provinces of Alberta and Saskatchewan in financing the cost of seed and seeding operations for the crop year 1938.

He said: Honourable senators this Bill is of considerable import to the provinces of Alberta and Saskatchewan. Section 2 provides:

> The Governor in Council, subject to the provisions of this Act, may authorize the guarantee of the principal and interest of any loans by any chartered bank guaranteed by the province of Alberta under the authority of The Agricultural Relief Advances Act of Alberta and any amendments thereto, or any Act passed in substitution therefor, for purchasing seed grain and providing other assistance to farmers in connection with seeding operations during the spring of 1938; provided however that the liability of the Government of Canada under all guarantees given under this section shall be limited to one million nine hundred thousand dollars.

The third section deals with Dominion guarantees of bank loans in respect of Saskatchewan, and is in these terms:

> The Governor in Council, subject to the provisions of this Act, may authorize the guarantee of the principal and interest of any loans by any chartered bank guaranteed by the province of Saskatchewan under the authority of The Municipalities Seed Grain and Supply Act, 1938, of Saskatchewan, The Local Improvement Districts Act, 1936, of Saskatchewan, or of The Local Improvement Districts Relief Act of Saskatchewan, and any amendments thereto, or any Acts passed in substitution therefor, for purchasing seed grain and providing other assistance to farmers in connection with seeding operations during the spring of 1938; provided however that the liability of the Government of Canada under all guarantees given under this section shall be limited to fourteen million five hundred thousand dollars.

Under section 4 the Governor in Council may approve the form and terms of guarantees.

The Bill is in the same general terms as the Seed Grain Loans Guarantee Act passed last year. This year, however, only two provinces, Alberta and Saskatchewan, have asked for the Dominion's guarantee for seed grain loans. Of course the amounts representing the limits of our guarantee in each case are different. Last year the limit of our guarantee to Alberta was $1,600,000; this year it is to be $1,900,000. In respect of Saskatchewan the corresponding figures are $6,600,000 and $14,500,000. There are several reasons for the increase in the amounts, particularly in the case of Saskatchewan. These reasons are: (1) the greater intensity of the drought, another year being added to a long series of drought years; (2) the much wider area affected by the drought in the province of Saskatchewan; and (3) the higher prices that have to be paid for seed grain, feed grain, and fodder.

Alberta is asking us to guarantee loans up to $1,900,000, and states that in the recognized drought area the number of farmers applying for assistance will be around 15,000, and the amount required about $1,800,000, while a further sum of $100,000 will be required to provide assistance in marginal districts.

Last year $1,600,000 was authorized in the case of Alberta, but actual loans made totalled only $1,339,328.70. At December 31, 1937, as a result of repayments made out of last year's crop, this amount had been reduced to $919,049.53.

In Saskatchewan the number of farmer applicants has greatly increased because of the factors already mentioned. Indeed, the Provincial Government estimates that the number of farmers needing some kind of seeding assistance will exceed 81,000, as compared with approximately 25,000 farmers last year. The amounts required for various forms of assistance—seed grain, feed grain, fodder, petroleum products, and so forth—has been considered very carefully with representatives of the Provincial Government, and as a result of discussions the limit of the Dominion's

guarantee has been fixed at $14,500,000. The total amount of loans that will be made by the banks, however, will substantially exceed this figure. In addition, the mortgage lending institutions will make loans to farmers, on whose farms they already have mortgages, to the extent of from $1,000,000 to $1,250,000.

As I have already stated, provision was made last year for the guarantee of loans in Saskatchewan up to a total amount of $6,600,000. The amount actually advanced was approximately $6,524,000, of which there was outstanding at December 31, 1937, about $6,498,000.

Neither in respect of Alberta nor of Saskatchewan has the Dominion as yet given an actual guarantee under last year's legislation, but it is expected that information required from the provinces will be received shortly, and the guarantees will then be given in approximately the amounts mentioned.

In 1936 the Dominion was authorized to guarantee seed grain loans in the case of Saskatchewan up to a maximum amount of $4,000,000. The actual amount advanced was only $3,514,541, and the amount outstanding at December 31, 1936, for which we gave our guarantee, was $2,555,112.76.

It is already a matter of knowledge in the House that the Canadian Wheat Board has been assisting the provinces of Saskatchewan and Alberta to obtain seed grain for this spring's seeding operations. Last summer when the extent of the drought in Saskatchewan was realized it became apparent that unless immediate steps were taken there would not be sufficient wheat and other grains of good seeding quality available in the country to enable the crop to be put in this spring. Therefore, at the request of the province of Saskatchewan, and with the approval of the Wheat Committee of the Cabinet, the Wheat Board, instead of disposing of the balance of 6,964,000 bushels of wheat futures which it held at July 31 last, began the process of converting these futures into cash grain and holding them in interior and other elevators throughout the West. This cash wheat will be moved by the Board, on instructions from the province, to points where the grain is required for seeding purposes. At railway sidings it will be loaded on to farmers' wagons. The wheat is being sold to the province of Saskatchewan on the basis of the average of the closing market price of futures contracts since the Board has been conducting this operation on account of the province, plus all carrying charges to date of delivery. The Board will be paid out of the proceeds of seed grain loans made by the banks.

As agent for the province of Saskatchewan, on the basis of funds advanced to the Board by the province, the Board has also been acquiring a certain quantity of coarse grains for seeding purposes, the total cost to the province, including all carrying charges, not to exceed a maximum of $4,000,000. Under a similar arrangement with the province of Alberta, the Board has been acquiring wheat and oats for the spring seeding programme of that province. The amounts involved are 350,000 bushels of wheat and 100,000 bushels of oats, up to a total maximum cost of $700,000.

I do not think it necessary for me, at this stage, at least, to say anything further in regard to the details of the loans that will be guaranteed. The general arrangements will be the same as last year. Loans will be made by the chartered banks to the municipalities on the basis of the seed grain loans legislation of the two provinces. The interest rate on these loans will be 4 per cent. The province guarantees the bank loans to the municipalities, and the Dominion adds its guarantee, which is effective only to the extent that the province is unable to fulfil its guarantee at the end of three years.

I suggest that these explanations will give a fair understanding of the situation.

Perhaps I should read something about the procedure that is followed. As I have just said, the borrowers have three years in which to repay the amount borrowed. Inasmuch as there may be a failure in the first year, they are given the benefit of delay.

In Saskatchewan the Seed Grain Loans Guarantee Act, 1938, was put through in the recent session. The procedure under that Act is this.

First the municipality passes a by-law which will enable it to borrow money for seed grain purposes. A copy of the by-law is submitted to the Minister of Municipal Affairs for approval. After approval has been given, the municipality approaches the bank and arranges for a loan, giving as security for repayment its demand promissory note bearing interest at the rate of four per cent.

Second, the municipality takes from the recipient his demand promissory note as well as a written agreement for a lien upon all crops to be grown during the year in which the note is given and the succeeding year on the land named in his application.

Third, the rate of interest to be charged farmers by the municipalities is not stipulated in the Saskatchewan Seed Grain and Supply Act. My understanding is that if there is any increase added it will be just sufficient to pay the cost of administration, and that the final

rate when payment is made will be four per cent. They make no profit.

Fourth, the secretary-treasurer of each municipality is obliged to register each lien agreement, and on or before October 1 of each year must prepare and forward to the Minister of Municipal Affairs a return showing the names of all persons to whom advances have been made, and the amounts thereof.

Fifth, provision is made in Saskatchewan legislation to give similar assistance to farmers in the local improvement districts which are administered by the Minister of Municipal Affairs.

Sixth, (a) the committee of the Cabinet and the inspector for the district determine the amount of seed grain and supplies that a municipality may advance; that is, the Cabinet in Regina decides the amount that each municipality may advance within the municipality. (b) Saskatchewan legislation provides that the municipality shall not advance in any year seed grain and supplies of a greater value than $200 in respect of any one quarter section. (c) On farms of 320 acres or less of cultivated land not more than sixty per cent of such acreage is to be sown. Then (d), on farms of more than 320 acres of cultivated land fifty per cent thereof may be sown up to a maximum of 250 acres; that is, no one can sow more than 250 acres as a result of having obtained seed from the Government.

I give these details so that honourable members may understand the procedure followed in enabling the farmer to secure the share of seed he requires. I may say that this is a duty which has devolved upon the Dominion of Canada in such provinces as are unable, through lack of credit, to finance the municipalities. I may add, for the information of my honourable friend to my left (Hon. Mr. Casgrain), that it is a duty which we owe to our citizens in the West who are afflicted. I may assure him that the debt will be more than repaid once there is a crop, and that if there is a bumper crop the whole of the eastern provinces, including Quebec and Ontario, will benefit. I know my honourable friend is afraid there may be another drought. He lacks confidence in Providence. I think we are simply doing our duty towards the people of Saskatchewan and Alberta, to Canada as a whole, and to ourselves, regardless of the returns which we hope to obtain from the turning wheels of industry.

Right Hon. Mr. MEIGHEN: Hear, hear.

Hon. Mr. DANDURAND: I move the second reading of the Bill.

Hon. Mr. DANDURAND.

Hon. J. P. B. CASGRAIN: Honourable members, there must be a general election in the offing when we throw our money around like this. I do not understand why, in the first place, the drought area was ever populated. Anybody who cares to go to the library and look at the maps made in 1740 by La Vérendrye will find that this area is marked "The Great American Desert."

I think I may say that I know the Northwest better than any other honourable senator.

Some Hon. SENATORS: No, no.

Hon. Mr. CASGRAIN: Hold on! I laid out sixty townships in the Northwest myself, and I had to report about the soil and so on in every quarter-section. If honourable gentlemen care to go to the Department of the Interior they can see the plans bearing my signature. If any honourable gentleman thinks he knows more about that country than I do, I should like him to tell us of his experiences, and I will sit down at once. We had to build a mound of earth every half mile. Each mound contained two cubic yards of earth. This meant that four times in every mile we had to dig a hole three feet square and eighteen inches deep, in order to enable anybody to ascertain the spot, regardless of whether animals or rain had destroyed the mounds. Every other surveyor working there did the same thing.

Some people talk about irrigating that territory. I may say that it was no good in the days I speak of, it is no good to-day, and never will be of any use. Alexander Mackenzie knew this. I was a French translator in the House of Commons during his régime. Where the Canadian National Railways run to-day there is no drought. Honourable members know of the wonderful crops that are grown near Edmonton.

When the Canadian Pacific Railway was built—I was there as a surveyor—it was located as close as possible to the 49th parallel, so that no railroad from the United States would invade Canadian territory. In 1882, in the month of August, I was at Regina. The Canadian Pacific Railway was taking the Press over the line to advertise the wonderful country through which it ran—and it is a wonderful country. We arrived at Regina at two o'clock in the afternoon on a special train. I interviewed the oldest inhabitant. He had arrived that morning. There were no buildings at that time; nothing but tents; but a great business was being done in the sale of town lots.

There is no use trying to beat the Lord Almighty. He made that area a desert, and

it will remain a desert. Neither the Government of my right honourable friend opposite (Right Hon. Mr. Meighen) nor any other Government can go against the Lord. That is the Great American Desert, and it never will be of any use. Any money you spend there is gone; you will never get back one dollar of it.

Hon. IVA C. FALLIS: May I crave the indulgence of the House to answer one remark of the honourable senator who has just spoken? He said that in the area for which assistance is being asked there never were crops and never will be. It was my good fortune to live in that district for eight years, and during those eight years we never had a crop failure. On the contrary, there were marvellous crops, and money was made; and hundreds and thousand of dollars of that money were sent to Ontario and Quebec to buy manufactured goods and helped to keep the industrial life of Eastern Canada going.

I left that district in 1920. I may say that the people along the Soo line between Moose Jaw and Weyburn have had one misfortune after another during the last seven years. It has not always been drought. In 1935 there was a marvellous crop, but when the wheat was filling there were a few warm, misty days, and rust developed and destroyed the crop. But it is a mistake to say that wealth never came out of that country.

I am in constant touch with people living in that district. To-day they are encouraged as they have not been for five years, because the whole country is saturated with moisture. They have had snow and rain and floods. They think this is going to be the big year for that country, and that they will be able to recoup their losses, pay their debts, and repay some of the advances which have been made to them.

My only regret is that, as I have learned in listening to the statement of the honourable leader of the House, seed is to be given for only 250 acres. I know land owners out there who have 800 acres ready for wheat. The land is in perfect condition, and I do not think the money could be better spent than in helping people who for the last six or seven years have shown fortitude and courage by carrying on year after year. Now, when there is a prospect of a crop, we should not grudge them a little seed to enable them to live, and to repay this country many times over.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. CASGRAIN: I understood the honourable senator was asking me a question.

Hon. Mrs. FALLIS: No. I was making a statement to the House, senator.

Hon. Mr. CASGRAIN: I thought I was being asked a question. This is what happened. A layer of humus, about five or six inches thick, accumulated on top of the sand in that part of the country which in 1740 La Vérendrye described as a wilderness—le grand désert américain. We have the same situation in the Laurentian mountains, at a place called Chapleau, where the Chapleau Club is. You get a good crop so long as you use only the five or six inches of humus. I do not know whether all honourable members know what that is. It is a vegetable mould, the remains of grass or leaves, and it makes excellent soil. But if you plough it up once or twice and bring the sand to the top, you are bound to have sand-storms. Everyone here has heard about sand-storms, which have occurred in the Western States and in our own West because the good soil had been used up. If the land had been farmed as it should have been, if the people in the Northwest had not been mining wheat, as they were—

Hon. Mr. ASELTINE: No.

Hon. Mr. CASGRAIN: —if they had raised cattle, from which manure would have been obtained for the fields, there would not have been the trouble that exists to-day. But, as I say, the people out there were mining wheat. They used to spend the winter in Florida or California, and there would not be an animal remaining on their farms after they had gone. If one of them had a good horse he would go to a neighbour and arrange with him to keep it for the winter. I know all about these things; it is nothing wonderful to know about them. The people mined the wheat, took everything out of the soil and put nothing back in the way of manure or fertilizer. What can they expect? The right honourable leader on the other side (Right Hon. Mr. Meighen) used to live in Portage la Prairie, which has a very wonderful soil, perhaps the most fertile in the whole country.

Right Hon. Mr. MEIGHEN: Hear, hear.

Hon. Mr. CASGRAIN: I have been there many a time. The soil is not merely five or six inches thick, but perhaps four or five feet thick. Good crops can always be got there. But other parts of the West were enjoying good crops so long as the people were using up a soil that had been accumulating for the last century or longer. Nothing more can be got out of that soil now, and any money spent on it will never be returned.

Hon. A. B. GILLIS: Honourable senators, I was greatly pleased with the closing remarks made by the honourable leader of the House (Hon. Mr. Dandurand) when he was moving second reading of this Bill. He showed a proper patriotic spirit and a desire to help the people of the West. But some extraordinary statements have been made by the honourable gentleman from De Lanaudière (Hon. Mr. Casgrain). Of course, we are quite familiar with his survey story; we have heard that before. But he has just referred to parts of our Western country as a wilderness. I agree that a certain section of Saskatchewan and of Alberta should never have been settled.

Hon. Mr. CASGRAIN: Hear, hear.

Hon. Mr. GILLIS: A huge mistake was made, under an Administration of which the honourable gentleman was an ardent supporter. We had out there beautiful stretches of country which were, I suppose, the most productive grazing land that could be found anywhere. There were a number of ranches for horses and cattle, and they were prosperous. But a craze developed for more homesteads, and land that should have been left alone was opened up for cultivation.

I would ask the honourable leader of the House if he can tell me what this seed wheat will cost the farmers of the West. I do not know whether he has that information.

Hon. Mr. DANDURAND: I suggest that my honourable friend proceed with his address while I am looking for the information. I think I have it here somewhere.

Right Hon. Mr. MEIGHEN: Is it $1.45 a bushel?

Hon. Mr. GILLIS: From the discussion in another place I gather that the farmers will be charged $1.45 a bushel, which is a very high price. When the fire sale of wheat took place a year or so ago, seven million bushels were salvaged. That wheat was held under option by someone for the Government, and eventually the options were converted into cash wheat for the purpose of securing a supply of seed grain. The options were changed occasionally. As honourable members know, if you hold May wheat, for example, and have made or lost a little money, you may think it wise to transfer it to, say, July; later you may decide to transfer it to October, and so on. Those seven million bushels of wheat left over from the fire sale were transferred five times. The cost of transferring option wheat from one date to another is very small, probably less than one-eighth of a cent. For this wheat that the Government eventually bought, the producer was paid 90 cents a bushel. Then there would be some charge for storage: for the period since those options were converted into cash wheat it is five cents a bushel. The cost of transporting the wheat to farmers in different parts of the West is ten cents flat per bushel. Then there is an allowance for distribution, and the estimate for this is three cents. So the total cost of handling this option wheat is 18 cents a bushel. Add that to the 90 cents which the producer got and it will be seen that the farmers should not have to pay more than $1.08, or $1.10 at the outside. Yet, as I have said, it appears from the discussion in another place that the farmers will be charged $1.45.

The point I wish to emphasize in this honourable House is that the farmers of the West are not being properly treated.

The honourable gentleman who preceded me (Hon. Mr. Casgrain) expressed the opinion that again this year there will be no crop in the West. I may tell him that the outlook is brighter than it has been for many years. Last autumn we had heavy rains and the moisture penetrated to a depth of at least two feet; then the ground froze up. In addition, we had a number of heavy snowfalls during the winter. Yesterday I received a letter from my home in eastern Saskatchewan saying that last Saturday a foot of soft snow fell all over that part of the province. This copious precipitation affords a good prospect of bumper crops. When conditions are normal in Saskatchewan, Manitoba and Alberta, those provinces produce more wealth than any other part of Canada.

Hon. Mr. CASGRAIN: Mines?

Hon. Mr. GILLIS: I am not talking of mines, but there is a good deal of mining in northern Saskatchewan.

The farmers were not allowed to participate when the fire sale took place. It will be remembered that under the Act sponsored by the preceding Government the farmers could get participation certificates, and if the wheat sold at an advanced price they profited accordingly. Had that Act been continued in force, the farmers in Western Canada would have received from twenty to thirty cents a bushel over and above their initial payment for the millions of bushels of wheat which they produced.

I know the farmers of Saskatchewan and Alberta are eager to have this Bill put into effect.

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

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

THE SENATE

Thursday, March 31, 1938.

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

Prayers and routine proceedings.

CANADA'S RAILWAY PROBLEM

EXPLANATION

On the Orders of the Day:

Hon. ARTHUR SAUVE: Honourable senators, my remarks on the motion of the honourable senator from Montarville (Hon. Mr. Beaubien), especially those concerning Viger and Moreau stations, and poor service, having been the subject of comment and misinterpretation, I should like to be permitted to make a short explanatory statement. I expressed the opinion that the Canadian Pacific Railway could, to a certain extent, make amends for the injustice done to the eastern section of Montreal by entering into an agreement with the Canadian National Railways so that Viger station could be used by the Canadian National trains between Montreal and Quebec. As a result of such an arrangement the Place Viger hotel might later on be operated by the Canadian National Railways at a profit, especially if the Canadian Pacific would agree to discontinue its service between Lanoraie and Joliette.

That is just one of the many instances where classification, co-operation, or unification for certain sections could be effected. Thus the short line between St. Eustache and Ste. Thérèse, which is operated without profit to anyone concerned, should be closed so as to permit of better accommodation and service by the Canadian National Railways. Many exchanges and agreements would be possible were the interested parties animated by goodwill and a real desire to serve the public.

I repeat that our railways lack plan and classification, also adequate co-operation and regulation, which are essential if they are to be fairly and profitably operated. The companies should come to a reasonable agreement as to division of clientèle, not with the object of controlling and raising transportation rates—trusts with such an aim must for ever be destroyed—but with a view to economical administration in the common interest and in fairness to the public. The various governments of our country are vitally concerned in the classification of our transportation system. Only in such a way shall we find the solution of Canada's railway problem. This should be the opinion, the doctrine, of the Senate, which is not a democratic Chamber, but a tribunal of order and equal justice.

ORGANIZATION OF SPECIAL COMMITTEE

Hon. G. PARENT: Honourable senators, I have read in the newspapers that I have been appointed a member of the committee which is to investigate the railway situation in Canada. I believe that this is an important committee and its members will have a very difficult task to perform. As this committee may not sit for some little time yet, I would suggest, subject to the approval of both the leaders of this House, that before the committee meets there should be placed in the room a map showing the exact situation of all the railways, and especially of the 4,000 miles of road which the honourable senator from Montarville (Hon. Mr. Beaubien) has contended can be eliminated. Then, when we start to work, it would be possible not only for us, but for anybody who comes into the room, to take in the situation at a glance and to judge whether or not those 4,000 miles should be abandoned.

Hon. Mr. DANDURAND: It is likely that the committee will meet next week for organization purposes. We can then decide upon the desirability of having such a map as has been suggested.

Hon. Mr. BLACK: May I suggest now that the committee might meet on Wednesday morning next for organization purposes?

Right Hon. Mr. MEIGHEN: Say Tuesday morning?

Hon. Mr. BLACK: Are we going to sit on Monday?

Right Hon. Mr. MEIGHEN: Yes.

Hon. Mr. BLACK: Then let us say Tuesday morning at 10.30.

Hon. Mr. DANDURAND: Eleven o'clock.

Right Hon. Mr. MEIGHEN: There will be meetings of other committees at 11. I would suggest 10.30 for organization.

Hon. Mr. DANDURAND: Perhaps we may as well say Wednesday morning, to be sure that we shall have the time clear for the committee. Has the honourable senator from Westmorland (Hon. Mr. Black) any objection to fixing the meeting for Wednesday morning at 11 o'clock?

Hon. Mr. BLACK: No. Tuesday would have been better, perhaps, if we had the time, but Wednesday morning at eleven will be satisfactory for the organization meeting.

TRANS-CANADA AIR LINES

ANNUAL REPORT

Hon. Mr. DANDURAND: Honourable senators, I lay on the Table the annual report of the Trans-Canada Air Lines for the year ending December 31, 1937.

Right Hon. Mr. MEIGHEN: Can the honourable gentlemen tell us what the profit was?

Hon. Mr. DANDURAND: In posse.

Hon. Mr. BEAUBIEN: Not in actu.

Hon. Mr. DANDURAND: We are laying the foundation, so to speak, in the air.

DIVORCE BILLS

THIRD READINGS

On motion of Hon. Mr. McMeans, Chairman of the Committee on Divorce, the following Bills were read the third time, and passed:

Bill T1, an Act for the relief of Dorothy Dean St. Clair Ross.

Bill U1, an Act for the relief of Frances Margaret Stewart Butler.

Bill V1, an Act for the relief of Agnes Leblanc Archambault.

SEED GRAIN LOANS GUARANTEE BILL

SECOND READING

The Senate resumed from yesterday the adjourned debate on the motion by Hon. Mr. Dandurand for second reading of Bill 78, an Act to assist the Provinces of Alberta and Saskatchewan in financing the cost of seed and seeding operations for the crop year 1938.

Hon. JOHN T. HAIG: Honourable senators, I shall not detain you very long in discussing this subject. I am sorry that the honourable gentleman from De Lanaudière (Hon. Mr. Casgrain) is not in his place to hear me. When speaking yesterday he expressed an opinion that is very prevalent, especially in Ontario and Quebec.

I want first to commend the Government for introducing this legislation. I think that in the peculiar existing circumstances Canada is very happy in having as Minister of Agriculture a Western man, and as Minister of Finance a man who formerly lived in the West.

Honourable members who do not come from Western Canada will be able to get a better idea of what seed means to that part of our country if they will let me read for a moment or two, from the Winnipeg Free Press of March 28, a statement showing the actual cash returns from four districts in Manitoba, for which districts this House guaranteed the money—$400,000—that was used for seed. Under the Seed Grain Loans Guarantee Bill we passed last year the following sums were spent for seed in the three Prairie Provinces: Saskatchewan, $6,600,000; Alberta, $1,600,000, and Manitoba, $400,000. In District No. 1, the south-west corner of Manitoba, the crop of 1936 was worth $1,374,000, that of last year $5,039,000. In District No. 2, which is pretty well in the dried-out area, and in which until last year they had had poor crops, the crop of 1936 was worth $4,910,000, last year's $13,384,000. In District No. 7, partly in the dried-out area and partly in the area that had some crop the previous year, the crop in 1936 was worth $3,972,000, last year $7,297,000. In District No. 8, north of District No. 2, the crop in 1936 was worth $4,953,000, last year $7,202,000. It will be seen that on the $400,000 guaranteed seed grain loans for that part of Manitoba there was a return last year of more than $30,000,000.

Let me describe briefly the country in south-west Manitoba, in order to give honourable members some idea of what the dried-out areas of Saskatchewan and Alberta are like. I have visited the No. 1 area every year for the last five years.

The first year there was a grasshopper plague. I saw a half-section of summer fallow seeded to grain overrun by a swarm of grasshoppers a mile long and about an eighth of a mile wide. They ate every vestige of vegetation, leaving nothing but the bare earth. For two years Manitoba and Saskatchewan have suffered from that scourge.

Then in 1935 we had a rust epidemic. The mulberry bush of the southern United States serves as a host for the rust spores, which are carried north by the warm, moisture-laden winds from the Gulf. Under such favourable conditions these spores are borne northward for thousands and thousands of miles. Rust does not trouble the western part of Alberta, as the southern Rocky Mountains form an effective barrier, but it is prevalent in the eastern half of Alberta and in Saskatchewan and Manitoba. A rust-resisting wheat has been evolved in Manitoba, but undoubtedly as time goes on its resistant qualities will become weakened, and a more vigorous strain will have to be produced. Last year in Manitoba the wheat crop ran from thirty-five to forty bushels to the acre where there was only slight rust, but in badly infected districts the yield dropped to only ten or fifteen bushels. That will give honourable senators

some idea of the serious losses resulting from rust. In 1935 in Saskatchewan and Alberta there were good crops, but they were entirely wiped out by rust.

Last year there was virtually no crop in any part of Saskatchewan. Last August when I was in the northern part of the province, around Humboldt and Saskatoon, I saw trees the foliage of which had been eaten by cattle and sheep up as far as they could reach. There was no vegetation on the ground at all. The farmers had their first crop failure in that district last year.

I do not think the Government is going far enough in providing the farmers of Saskatchewan with seed. I may be told that this is merely the talk of a Westerner. But let me remind honourable members that in that province especially the limitation of 250 acres is impracticable, for owing to the nature of the rainfall only dry farming can be successfully carried on.

Hon. Mr. MARSHALL: The Saskatchewan and Alberta Governments fixed that limitation, not the Federal Government.

Hon. Mr. HAIG: I grant that. My honourable friend misunderstands me if he thinks I am criticizing the Government. I am trying to point out that the limitation of 250 acres is too low. In a dry-farming country a farmer, to operate successfully, must every year summer-fallow at least one-third or preferably one-half of his land. I have letters in my desk from farmers in Saskatchewan who have summer-fallowed 500 acres of their 1,000-acre farms. They can get seed for 250 acres, but they ask, "What about the other 250 acres?" With their machinery and equipment they must put more than 250 acres under crop if they are to farm successfully.

We of the Prairies realize that we are asking a good deal from Canada, but I would urge the people of Ontario and Quebec to remember what a good crop in Western Canada means to this country. With the Western wheat crop last year below the average, there were no dividends on Canadian Pacific Railway common stock. The revenue of the Canadian National Railways from handling the wheat of Western Canada is in ordinary years $22,000,000; last year it was less than $10,000,000. Not only that, but a good crop in the West means more money to spend on machinery, food, clothing, and furniture. During the last seven years there has been no money in the West for such expenditures. Even had there been no world depression at all, Eastern Canada would during the last seven or eight years have felt the lack of crop production in the Prairie Provinces.

We in Manitoba have had very little more rainfall than Saskatchewan and Alberta, but last year and the previous year we had magnificent crops, because at the right time we had just enough rain. My honourable friend from De Lanaudière (Hon. Mr. Casgrain) has said that the farmers of the West are taking all the fertility out of the land. In District No. 1 last year, on land no better than land in Alberta and which had grown no crops for seven years, there was a yield of seventy bushels to the acre. All that is necessary in that country is rainfall at the right season of the year.

Hon. Mr. PARENT: Would irrigation solve the problem?

Hon. Mr. HAIG: No. We cannot pay the cost of irrigation with wheat at 75 cents a bushel. That is the difficulty. You can grow wheat in Western Canada at 75 cents a bushel or more and make a profit, but if you put in irrigation, as in Alberta, the overhead is too high. Last year I saw near Lethbridge land under irrigation yielding sixty bushels to the acre, as against twenty-five bushels to the acre from non-irrigated land. The current price was $1.08 per bushel, f.o.b. railway station. At that price the farmer could afford to pay for irrigation; but if the price went down to 75 cents a bushel he would be farming at a loss. Irrigation in Alberta has been successful only where sugar beet or similar crops can be grown. Damming the streams, as the Government is doing now, will help somewhat in Saskatchewan, Manitoba and Alberta for mixed farming. But I would ask honourable members to bear in mind that parts of Saskatchewan and Alberta can never be adapted for mixed farming except on a large scale.

Ontario and Quebec have year in and year out, for the last half-century, sold a large volume of goods to Saskatchewan, Alberta and Manitoba. While there has been objection from those Western provinces to the measure of protection enjoyed by industrial plants in Central Canada, that objection has never been long continued. We of the Prairies realize that a certain amount of protection is necessary, as is evidenced by our large Conservative vote in the 1930 elections; but I would remind Ontario and Quebec that if they are to enjoy a continuance of protection they must in turn recognize the disabilities under which the West labours, and give it some consideration. We must be conceded the right to be placed on an equality with labour and industry in the two central provinces, or Canada cannot hold together.

It is all very well for the premiers of Quebec and Ontario to say they are not going to be taxed to support the Western Provinces, but I would remind them that if they do not support those provinces, then the people of the West will look to other places for support—and will get it. I say to the people of Ontario and Quebec: Be sure you examine the whole account before you question what the Government of Canada is doing for Manitoba, Saskatchewan and Alberta. We can never have a great and united Dominion if public men in Ontario and Quebec challenge the right of Canada as a whole to render proper help to the Prairie Provinces.

I congratulate the Government and its representative in this House on what is being done for Western Canada this year. I appreciate its policy in this regard. At the same time I want the people of Canada, particularly those of the central provinces, to understand that we in the West do not look upon this assistance as a hand-out. Given good crops, the Western Provinces will repay 100 cents on every dollar advanced.

I want to assure honourable members that we of the Prairie Provinces are loyal to Confederation. We put Canada before everything else. Ontario and Quebec are rich and prosperous. The churches of the central provinces have expressed their sympathy by sending us food and clothing. We thank them for doing so. But we would ask the business men of Ontario and Quebec to realize our situation and cease carping criticism of what our people are doing. It is true that a few of our people have gone to Florida or to California, but many from Toronto and Montreal have done likewise. I would ask you, honourable senators, when dealing with Western Canada, to bear in mind that the people of Western Canada, while at present down on their luck, are just as loyal to this country as the people of any other part of it, and that when conditions improve they will not forget what has been done for them by the rest of Canada.

Hon. W. M. ASELTINE: Honourable senators, I wish to voice my approval of the remarks which have just been made by the honourable the junior member from Winnipeg (Hon. Mr. Haig).

I also come from that great country, and have been farming and raising wheat out there for the last twenty-five years. I think, therefore, I am better able to judge of conditions there than is the honourable senator from De Lanaudière (Hon. Mr. Casgrain). I am in favour of the principle of this Bill, and want to see it passed to-day if at all possible. Like the honourable the junior senator from Winnipeg (Hon. Mr. Haig), I should like to see the Bill go a little further than it does: I think the amount of money to be voted is all too little. In the province of Saskatchewan we have each year, on the average, 14,000,000 acres in wheat. In addition, there are in the province of Manitoba about 3,000,000 acres in wheat and in the province of Alberta 7,000,000 acres. You will realize from these figures how important this matter is to us.

If any criticism is to be made of this proposal, it would be, I think, as to the price to be paid for the wheat, approximately $1.45 a bushel. We knew last year, not later than the middle of July, that there was going to be a total crop failure in about two-thirds of the province of Saskatchewan, and at that time many of us urged upon the Government the necessity of buying the wheat while the price was at a comparatively low level. At one time during the fall wheat could have been bought at $1.02 a bushel. However, it takes time to deal with matters of this kind, and perhaps the Government is not to be criticized unduly for not having purchased at that time.

I probably would not have spoken at all had it not been that the honourable senator from De Lanaudière (Hon. Mr. Casgrain) pretended to know so much about our Western country. It must be many years since he made the survey of which he spoke. I am sorry that he did not go through that country last year with the members of the Canadian Chamber of Commerce. The Agricultural Committee of the Chamber of Commerce held a special sitting in the city of Saskatoon about the end of August or the first of September, and seemed to be very much exercised over the fact that the newspapers in the East were publishing reports that the West was done; that it never again would be a producer of wheat. I was one of those who were called in to meet that committee. We had a very fine meeting, lasting one entire morning, and I think we were able to convince the committee that the West was not finished as a wheat-producing country.

Let me give you an example which I cited to the committee. Last fall, in connection with a case that was coming before the Board of Review under the Farmers' Creditors Arrangement Act, I had occasion to prepare a brief on the production of wheat per acre on summer-fallowed land in the section in question, covering the period from 1911 to 1926. I found that the average production on summer fallow was 33 bushels per acre. No one can say that a country is done as a wheat-producing country simply because of

the fact that since 1930 there have been several bad seasons. The top soil on that land is 50 feet deep, and it is almost impossible for such land to be ruined by soil drifting or in any other manner. It will take years for it to be "mined" as suggested yesterday.

I recall that in 1914 we had what virtually amounted to a total crop failure in our part of the country. We had no rain, and there was not enough seed for the next year. But the Federal Government supplied seed to the extent of some $4,000,000 worth, and in 1915 we had probably the greatest wheat crop in our history. In our district summer fallow produced in some cases as much as 72 bushels to the acre. If the Government had not provided seed at that time we should have lost almost the whole of that crop; and I contend that the money received for that crop helped not only Western Canada, but Eastern Canada as well. Most of the money then advanced has been paid back.

Then we have the experience of the dust bowl of the Southern States. For five or six years crops there were very poor, but last year it produced one of the largest crops in its history. And the honourable the junior senator from Winnipeg has just told us about south-western Manitoba.

It is reported this year that there have been unprecedented floods in the southern part of Saskatchewan, and that flats which have not produced crops, even of hay, for years, are under water. With such conditions of moisture prevailing, it would be a shame indeed not to vote this money.

I have in my hand a precipitation record for the Prairie Provinces covering the period from 1885 to 1938. I shall be glad to show it to any honourable senator who wishes to see it. This report was prepared by the research department of the Searle Grain Company, and is very accurate. In preparing it all the data available were examined. I should like to read from this report the following:

> It also seems correct to say that there is no evidence that any annual decrease in rainfall has occurred over the period that has been examined, that is, from 1885 to date. Hence it would seem reasonably safe to conclude that the dry years that have been experienced recently will eventually in turn give way to wetter years, just as occurred after the dry cycles ending in 1890, 1898 and 1919. It is interesting, too, to note that the annual average rainfall in the last eleven years, from 1927 to 1937 inclusive, has been 11·72 inches, and for the eleven years from 1885 to 1895 inclusive, 11·71 inches.
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> Similar charts showing the long-time rainfall for each of the provinces separately, for crop districts, and for individual points, and other charts that will reveal long-time wheat yield per acre, have been compiled, and will from time to time be published.
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> The journals of early explorers on the Prairies—Henry Kelsey, 1691; Anthony Henday, 1754; La Vérendrye, 1738; David Thompson, 1801; Captain Palliser, 1858; Hind, 1860; Fleming and Grant, 1872; Macoun, 1879, and others, have been examined and they all indicate that dry years and wet years, since the earliest days, seem to have occurred alternately over the Prairie Provinces.

As I said at the beginning, I would not have spoken had it not been for some remarks made yesterday. I should like to press for the passage of this Bill as quickly as possible, because the weather in Western Canada has been warm since the end of the first week of February, the snow is all gone, and the farmers are almost ready to start putting in the crop.

Hon. Mr. DANDURAND: Will honourable senators allow me to answer two criticisms which have been made, so that they need not be repeated in the course of this debate, if it is not already ended? The honourable member from Peterborough (Hon. Mrs. Fallis) and the honourable the junior member from Winnipeg (Hon. Mr. Haig) expressed regret that the seed to be granted to each farmer would not be sufficient for more than 250 acres. I have obtained some information on that point. I may inform honourable members that there may be a certain leeway in deciding the amount to be granted. That matter will be dealt with by the provinces of Saskatchewan and Alberta on the one hand, and the federal Minister of Agriculture on the other. I hope the complaints will diminish by reason of a more liberal distribution.

The honourable senator from Whitewood (Hon. Mr. Gillis) and the honourable senator who has just taken his seat (Hon. Mr. Aseltine) have suggested that the farmer would be charged a rather high price for the seed which is to be distributed. I am informed that it is not the intention of the Government to charge the farmer more than the cost price plus interest and the charges for transportation to the elevators—a movement which already has taken place—and from there to the local elevators for distribution to the farmers. The amount which the farmer will be charged has not been settled, but I am quite sure that nobody will make any profit out of the transaction.

Right Hon. Mr. MEIGHEN: I do not think any complaint should be made about the price. I understand the farmer will pay just what is paid out west by the Wheat Board—the torch-bearer of good business. My information is that it sold the old wheat just before the market price went up, and bought the new wheat just before the market price went down.

Hon. Mr. DANDURAND: I am not familiar with all the details. Some of the wheat is more than a year old. It may have been held for two or three years. I do not know.

Right Hon. Mr. MEIGHEN: That is the trouble.

Hon. Mr. DANDURAND: Interest on the amount paid may have to be added, but as a matter of fact it is not the intention of the Government to make one cent of profit on the operation.

Hon. J. A. CALDER: Honourable senators. I have often been asked why the dry period out west has lasted so long. I have never been able to answer that question. In fact I have never been able to get any satisfactory answer as to why it occurred at all. Nevertheless, a doubt has been raised in the minds of many people as to the advisability of lending all this assistance to Western Canada, and I can quite understand why that doubt exists.

As I say, I have never been able to ascertain from anybody the cause of the drought, and I do not know whether the Government has ever made an inquiry on this question. It seems to me that if the Government has not already made such an inquiry, it should be undertaken by somebody, or by a commission or a parliamentary committee with the assistance of the best experts available, for the purpose of ascertaining not only the reason for the drought, but also whether it is likely to last. I think that is sound sense.

Now let me give you a picture. I have lived in Western Canada since 1882. I went to Moose Jaw in 1891. In the year 1893 I went south from Moose Jaw for a distance of some 60 or 70 miles. As we travelled over the prairie in a buckboard to a marsh where a friend of mine had a little ranch, I saw cracks in the ground which were anywhere from six to twelve inches wide, and into which you could put a pole to a depth of fifteen feet.

Hon. Mr. MULLINS: That is absolutely correct.

Hon. Mr. CALDER: That was in 1891. In those days you did not hear anything about such matters. A little relief was granted by Parliament, through the Territorial Government, to the Qu'Appelle valley district, where there was some settlement; but in the section of the country I was in there was not a farmer anywhere for 200 miles; there were only two or three ranchers.

The honourable senator from West Central Saskatchewan (Hon. Mr. Aseltine) has given a description of the moisture conditions in Western Canada since 1885, as compiled by the Searle Grain Company. I should like to know where the Searle Company got their information. There was nobody to give it to them. Not only hundreds but thousands of square miles of that country had not a single settler. For example, in the whole country south of the Canadian Pacific line from Moose Jaw all the way to Calgary and to the boundary line there were not one hundred farmers.

Hon. Mr. MULLINS: Quite correct.

Hon. Mr. CALDER: On the other hand, north of the Canadian Pacific and west of Moose Jaw to the Saskatchewan river, a distance of forty to eighty miles, there was scarcely a farmer anywhere. And if you had crossed the Saskatchewan river and gone on towards Battleford, all the way to Edmonton —an empire in itself—you would not have met more than perhaps ten farmers. I know that, for I travelled over the country in the early days. So we have virtually no authentic records of the rainfall of those days in that territory; we have nothing but the recollections of a few persons who knew the country. I say in all sincerity that I think it is worth while to get together meteorologists and others who understand the causes of climate, in an effort to ascertain whether conditions have so changed that that country is finished as a grain producer. I do not believe it is.

We all know where the rain in that country used to come from. One of the elements that brought it there was the wind, blowing from the Pacific ocean, Hudson bay, the Great Lakes and the Gulf of Mexico. For some reason or another, in the last seven years the winds have not brought rain, and the moisture in that territory has been tumbling back into the sea. As a result the soil has become dried out. For example, last November at the time of the freeze-up I was in the neighbourhood of Regina, and if you dug down six inches into the ground you would strike dry earth. I was talking to a man who had travelled some five, six or seven thousand miles in southern Saskatchewan, carrying a spade with him, and he told me that the greatest depth of moisture he found anywhere in the whole territory was eighteen inches. What was it ten years ago? In the city of Regina you could dig down for twenty feet and not lose moisture. Anywhere in that country you could go down from ten to fifteen feet in the heavy soil and it would not be dry. It is going to take

some time to get that reserve of moisture back into the soil.

I am not opposing this seed grain measure at all. My whole point is that before we go ahead with any schemes involving large expenditure—irrigation and that kind of thing have been talked of—we should get the fullest available information as to the possible future climate of that country. We can do this only by getting hold of the men who know something about the subject. I must confess I do not know anything about it, and in my ordinary travels I have never met any person who did; consequently, I cannot form any opinion on the matter at all.

Hon. HENRY A. MULLINS: Honourable senators, what has just been said by the honourable member from Saltcoats (Hon. Mr. Calder) supports my own opinion. The territory from Moose Jaw to the mountains, south of the main line, should never have been taken away from the ranchers. We were driven out of that land by the farmers, who attempted to grow grain on land that never should have been used for that purpose. It was a prosperous grazing country. My memory goes back to the yellowgrass district and an occasion when I was riding with a gentleman who had a big herd of cattle. The horse put his foot into a crack in the ground that was over six inches wide. It is a dry country, suitable only for the raising of live stock, and it never should have been farmed. But the nesters came in there in numbers, set up homesteads and drove the cattle men out. They camped on the water-holes. True, they left us plenty of prairie. But the short bunch-grass was destroyed, and I do not know how it can be brought back. It was worth millions to Western Canada. It was a terrible mistake to plough that up and try to produce wheat instead of cattle.

We have all heard about the grasshoppers of the West. Well, we had them in Manitoba. I remember seeing them piled up mountains high on the main streets of Manitoba towns in the pioneer days. However, I am not here to talk about grasshoppers or our Western troubles in general. I know that our people in the dried-out areas are suffering, and my sympathy goes out to them. But I want to see men farming in Western Canada in the right way. The Almighty never intended that men should farm as some of them are doing. Wheat! We heard of nothing but wheat. During the War the wheat growers got big prices, but what is happening to-day? Our young cattle, the growing yearlings, are being sent across the boundary into the United States to be finished into beef. That is altogether wrong. We want markets, anywhere we can get them, but we should not sell our growing yearlings. It is like sending all your young men out of the country and leaving only the older ones to carry on. I am glad that the honourable senator from High River (Hon. Mr. Riley) is here to bear me out in what I say. It is pleasing also to know that the honourable the junior member from Winnipeg (Hon. Mr. Haig) knows a good deal about live stock.

Our Western country has been depleted of live stock. That is why I retired from business. I do not want to ship the rubbish that is being produced now. Honourable members know about the poor quality. If you look in the Bible you will see where the ringstraked and speckled cattle—the rubbish—came from. The outcome was due to Jacob's deal with Laban. I repeat that farming in the West is not being carried on as the Almighty intended it should be. There has been a great change from the old days. I am looking across the aisle at the honourable senator from Saskatchewan (Hon. Mr. Gillis), who remembers very well the wonderful herds of cattle that used to roam in the mountains south of Whitewood. They are not there now. If you travelled from Moose Jaw to the foot of the mountains you could not buy a train load of cattle suitable for the markets, as you could in olden days. I remember in the early days getting off at Swift Current and at Crane Lake, and in a short time closing a deal with Mr. Andrews, a rancher there, for a thousand steers. That country was rich in cattle then. Out there to-day they will tell you—and it is a sorrowful tale—about grasshoppers and drought. The land should have been left to produce bunch-grass, as I have said. You cannot go against nature, as the farmers did in the West, without having to pay a penalty.

One of the greatest causes of hardship to the West to-day is the high cost of transportation. To get the products from the farm to the markets of the world you pay twenty per cent more to-day than when the Canadian Pacific Railway first came out into that country. I remember, when the line was coupled up at Jackfish, how glad we were to see the first locomotive, which is now taken care of and on display at Winnipeg. In those days I used to ship train loads of cattle from the West to various parts of the East, and the rates that were charged me were one-fifth lower than they are to-day. What is the use of preaching about "competition ever, amalgamation never," when the Western farmers

are being taxed with such excessive freight rates? When the Canadian Pacific first came into that country the rate for shipping live stock to markets in the East was 60½ cents per 100 pounds: the present rate is 87½ cents. How can the farmers succeed in the face of such rates? I recall that when I was a member of the Manitoba Legislature we had control of rates in Western Canada, and we could ship grain at a ten-cent rate. That is a much cheaper rate than we have now, and there was no competition then.

What is the use of improving the railway passenger service and doing nothing whatever to make conditions better for shipping live stock and grain? We travel in luxurious coaches and put up at luxurious hotels, but are the box cars in which the farmer loads his grain, or the stock cars in which he ships his cattle, any better than they were fifty years ago? No. We do not provide any better facilities for disposing of the produce of the farmer who is struggling in the West. Unless he can get lower freight rates he will not be able to succeed.

I know that the truck has made inroads on the traffic that used to belong exclusively to the railways. Only last week I was talking to the manager of the stock-yards at Winnipeg about the huge quantities of produce coming in by truck. I was surprised to see the massive vehicles driving up there. A change has been made in transportation methods—just as there has been a change in the political atmosphere of the other House, where you can hear so many varied ideas these days. At Toronto I saw coming in by truck: 137,227 cattle, 90,657 calves, 180,276 hogs, 82,840 sheep and 194 horses. From these figures honourable members can realize how deeply the trucks have cut into railway revenues.

I am going to make a statement that will be challenged, and I know I shall be criticized for making it. I say that the farmer in Western Canada or in the East is all wrong in the way he sells his live stock. That is a broad statement, but I stand by it. The place to sell his cattle is right on his farm. Let the purchaser take them where he likes. The farmer certainly should not ship his live stock into a packer's yard, where an expert buyer is employed to fix prices. The old cattleman, the old-time trader, who used to buy direct from the producer, is not in business to-day. There is a new system, just as there are new politics over in the other House.

Right Hon. Mr. GRAHAM: That is bad.

Hon. Mr. MULLINS: I was in the South a short time ago. I want the honourable the junior senator from Winnipeg (Hon. Mr. Haig) to know that I am one of those who took a trip to Florida, but I went there for my health. Well, I was present in the church of a coloured congregation one Sunday, and the clergyman was explaining, in the course of his sermon, what an awful place Hell is. He declared it was colder than he could possibly describe; that more icebergs were there than in the Arctic regions. After the service was over I was talking to the preacher. I said: "You preachers seem to have changed, like the politicians. You have a new doctrine. When I was a boy I heard at church that Hades was full of fire and brimstone, but you pictured it as the very opposite, as being colder than the North Pole." He replied: "There is a reason for that. If I preached to these coloured people that it was warm there, they would all want to go."

I have lived in Canada since the days of Confederation, and I shudder when I listen to some of the doctrines that are expounded in another place. I have a good many Liberal friends, and I make no apology for that. In 1930 many of them voted for me and helped to send me to Ottawa. I find no fault with a good Liberal, and I have a great deal of respect for a good Conservative. But, judged by the former standard, the Liberals in power to-day are Conservatives and the Conservatives are Liberals. This talk of free trade that we hear so much about on the Prairies is all a joke; there is nothing to it. The Liberals have just as high a tariff as the Conservatives had. However, I will not go further into that. It would take too long a time for me to deal with it in whole, and anyway, I have passed beyond that kind of debate.

We should do all we can to render assistance to those who are farming in right parts of the West and in the way it was intended that farming should be done. If things were carried on as they should be, farmers would be able to live in homes instead of boarding-houses. But again, how can a man build a home on the Prairie when freight rates for shipping lumber are so high? Look at the number of shacks out there. Excessive freight rates are responsible. This is a serious matter, and I believe something should be done to remedy it. We should have lower rates for shipping in goods that the farmer needs, and lower rates for shipping out his produce to the markets. I want to see the right kind of cattle raised in our West. God commanded Moses to tell the children of Israel to bring a red heifer, without spot or blemish. It would be much better for our Western farmers if they would make up their minds

to produce only good stock and have nothing more to do with rubbish.

I have to apologize to my legal friends for referring to the live stock industry, but I cannot help upholding it. Whenever the subject comes before this House I cannot refrain from speaking on behalf of that industry. As I have been associated with it for more than half a century, I should at least have some experience and knowledge of it. I have gone out and bought cattle and taken the ups and downs of the market. I know what the production of live stock means in the building of the home. I want to see homes and contented farmers on the Prairies. I do not care to hear people talking about relief and secession. Like my honourable friend (Hon. Mr. Haig), I do not want to see a line drawn north and south of Port Arthur to separate the East from the West. To Canada I would apply those noble lines:

> Wider still and wider shall thy bounds be set.
> God, who made thee mighty, make thee mightier yet!

Hon. DUNCAN MARSHALL: Honourable senators, it seems to me that the question before us is whether or not it is worth while for the Government of Canada to save the farmers of Saskatchewan and Alberta by guaranteeing the purchase of $16,400,000 worth of seed grain.

I was interested in the remarks of the honourable senator from Saltcoats (Hon. Mr. Calder). He was one of the earliest settlers in the West. I have driven with him over the prairies a good many times. I saw the opening up of that country to farming, though I was not there until a considerable time after my honourable friend. With regard to his references to the drought in Western Canada, I may say that when going through some of the early records of the Hudson's Bay Company I noticed that the Indians in making a treaty with that company insisted on a proviso that they should not be compelled to take their land in what was then called the Great Desert. That "Great Desert" is to-day the Portage Plains, than which there is no finer section of farm land in any country that I know of.

As to the drought area, I do not think there is a single agricultural college on either side of the line, whether in the Dakotas or Minnesota or in our Prairie Provinces, that has not devoted a great deal of attention to a study of drought conditions; but, like other mysteries of the soil, it is a very difficult problem to deal with.

Last year Saskatchewan had a very small crop, averaging about two bushels to the acre. After the weeds and other rubbish were separated, the clean grain would not be much more than sufficient for seed purposes in the province. But before any of this grain could be set aside for seed the farmer with such a scanty yield was probably obliged to sell his grain to provide the means to purchase food to keep his family through the winter. Consequently it will be necessary to ship seed grain into Saskatchewan from Manitoba, which had an excellent crop last year, and from Alberta, half of which province also had an excellent crop.

The right honourable leader of the opposition (Right Hon. Mr. Meighen) referred to wheat futures. I never had any spare money with which to go into the market; so I have neither bought nor sold wheat futures. It appears that when Mr. Murray in December, 1935, succeeded Mr. McFarland as Chairman of the Wheat Board, he found on hand 298,000,000 bushels of wheat, or wheat futures. Could we have foreseen the drought of last year, it would have been very fortunate for us to have been able to find storage for some of that wheat, which could be used to-day. Mr. Murray, I understand, sold the wheat gradually until he had only about six or seven million bushels left. The wheat held by the Wheat Board in 1935 was purchased with money advanced by the Dominion Government, and Mr. Murray was anxious to dispose of the wheat without loss to the federal treasury. I think the transaction was closed out at a slight profit. But that is something entirely aside from the provision of seed grain for the farmers of Saskatchewan and Alberta.

I had the misfortune—about my only misfortune in administering a department in a new province—of distributing grain to Alberta farmers for twelve consecutive years. In those days the trouble was caused not by drought, but by frost, and was very slight in comparison with the present distress. The seed grain was distributed then exactly as it will be under this Bill. In many places the same municipal officials will act as those with whom I worked years ago. I may instance Mr. Brusso, the secretary of the municipality in which I then resided. He is still on the job, and under direction from the Provincial Government, and probably also from the Dominion Government, he will oversee the distribution of the seed grain in his municipality. Nobody can do this work so well as the municipal officials, for they know personally everyone in their district.

The honourable the junior member from Winnipeg (Hon. Mr. Haig) referred to the hardships that the 250-acre limitation would impose on a farmer with a large acreage under cultivation. For the last three years the Ontario Department of Agriculture has dis-

tributed seed grain, but in small quantities. Even in the county of Carleton, if you please, we had to distribute seed grain to needy farmers. These men are promptly repaying. In the course of distribution in the West it was my experience that the farmers who desired to sow 1,000 or 1,200 acres were the men who should not be supplied with the quantity of seed they wanted, and that the men to be encouraged were those farming on a smaller scale and cultivating their land thoroughly. I heard the honourable Minister of Agriculture state in the other House that the provinces of Saskatchewan and Alberta, after consulting various municipal officials, decided on the limitations of 250 acres and 300 acres respectively. The reason for the larger acreage in Alberta is that it had a very good crop last year, and the Government of that province feels confident that the loans advanced for seed grain will be repaid.

Under this Bill the Federal Government is guaranteeing repayment of the loans. It is only a remote possibility that the Government will be called upon to make good its guarantee. The federal guarantee is necessary because these provinces of Saskatchewan and Alberta are not in a position to furnish the necessary cash. The Government of Saskatchewan, not the Federal Government, is buying the seed grain. The Hon. Mr. Taggart told me the other day that some of the wheat had been purchased at $1.02 a bushel. He did not know what their total purchases would be, but he was quite certain that the ultimate price per bushel would not be more than $1.45 cleaned and delivered at railway station.

I would call the attention of honourable members to a very satisfactory arrangement that is being made with respect to the railway rates on seed grain. The rates are being pooled, so that a farmer living two hundred miles from Regina will have to pay no more than the farmer living only twenty miles from the point of distribution. This arrangement relieves the farmer back in the country, and he will not be penalized for locating too far from the railway.

There cannot possibly be any politics in this matter. Every federal government and every provincial government in the Prairie Provinces has had to meet a similar situation over a period of years. We know what Saskatchewan can do when she undertakes to grow a crop. My honourable friend from West Central Saskatchewan (Hon. Mr. Aseltine) told us of his soil being fifty feet deep. I saw a well bored on Harry Hunter's farm at Pense, Saskatchewan, and sixty feet down the soil was exactly the same as that on top. He could afford to have several feet blown away without the fertility of his land being affected. In fact a new farm of the same kind of soil would be there for him.

Everyone who has farmed knows how land is improved by being given a rest. No one knows what happens, but if you leave land fallow for a year or two and then plough it you will get a good crop. I am not an agricultural chemist, nor do I know nature's processes in this case, but I do know that such improvement does occur. Last summer I drove over the country from Regina to Moose Jaw and north from there to Saskatoon. That is one of the best wheat-producing sections in the province, and if we have rain this year—I am sorry there is not more sub-soil moisture—they will not be able to stook the wheat on the land that grows it.

I have every sympathy for my honourable friend from Marquette (Hon. Mr. Mullins) in his references to cattle. I am as fond of "strawberry roans" as he is, and have been all my life; but there are certain sections in Saskatchewan where it is impossible just now to handle cattle. I hope conditions will be changed by water-holes, made to catch and hold water from the hillsides when it rains. You can scoop out the land there and the hole will hold water without doing much to the pond, once rain has filled it. But what is the use of asking a man to milk cows in the dried areas of Saskatchewan or Alberta now? On one occasion I met a man north of Moose Jaw drawing water three miles for his horses. I asked him why he did not drill a well. He replied, "It's the same distance." When a prairie farmer has a piece of land that is good for growing wheat he is bound to go on growing it for a time. But I agree with the theory of keeping live stock on the land. The purpose of this is not so much to conserve the fertility of the soil, for its fertility is simply beyond description, as to provide humus so that the top soil will not blow off onto the neighbour's fields. Ploughing in a cover crop of some kind would improve such conditions.

The question, however, before us now is: Shall we save Saskatchewan? I am confident there is not a member in this House who is not in favour of doing that, for Saskatchewan is the greatest wheat-growing province in the Dominion. It is a marvellous tract of land. I admit a large sum of money is involved, but I am sure that when we consider the large expenditures we make in other directions we shall come to the conclusion that we should

give the farmers and wheat-growers of Saskatchewan and Alberta another chance.

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

THIRD READING

Hon. Mr. DANDURAND: Honourable senators, if no one desires to have any clauses of the Bill amended, I would suggest that we dispense with reference to Committee of the Whole and proceed with third reading now.

Some Hon. SENATORS: Carried!

Hon. Mr. DANDURAND: Then I move third reading of the Bill.

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

INSPECTION AND SALE BILL

SECOND READING

Hon. Mr. DANDURAND moved the second reading of Bill 30, an Act to regulate the inspection and sale of binder twine, and to establish weight of bushel for certain commodities commonly sold by the bushel.

He said: The Inspection and Sale Act has been on the Statute Book for many years. Originally it was administered by the Department of Trade and Commerce, but since 1924 it has been administered by the Department of Agriculture, for the reason that the inspectors of that department were in an advantageous position to perform the inspection required.

The purpose of the Bill is stated in the explanation, but it may be mentioned that many sections of the Act have been re-enacted by more recent legislation without being repealed. Such parts as have been re-enacted will be completely repealed by this Bill. Where it is necessary to continue sections, these are included. Reference is made in the last page of the explanations to parts or sections of the Act now obsolete.

Section 7 of the Bill is important. This section is new and is designed to provide for appropriate control measures for the sale of binder twine salvaged or damaged by fire or water.

The Bill also establishes legal weights for commodities commonly sold by the measure. As this list may not appear to be complete, mention may be made of the fact that legal weights are not established for such commodities as apples, turnips, carrots, etc. These commodities vary in size, owing to varietal characteristics, and a legal weight for one variety of small size would not be considered fair for another of large size. They therefore cannot be included at the present time.

It has long been the custom in many parts of Canada to buy and sell articles such as those specified in Part II of the Bill on a bushel basis, subject to legal weights per bushel. The weights are obviously necessary to prevent dispute between buyers and sellers.

Legal weights per bushel have for years been a part of the Inspection and Sale Act as administered by the Department of Trade and Commerce. This department has recommended that they be included in this Bill and that the Inspection and Sale Act be repealed. A few more articles have been added to the original list as follows: bluegrass seed, brome seed, crested wheat grass seed, fescue seed, millet seed, orchard grass seed, potatoes, rye grass seed, soy beans, vetch and slender wheat grass seed (Western rye grass).

The weights are based on the average weight per measured bushel of the articles specified.

With this explanation I move the second reading of the Bill.

Right Hon. Mr. MEIGHEN: Honourable members, as I said the other day, I find it hard to understand why we should have a special Bill dealing with two phases of the weights and measures jurisdiction which this Parliament enjoys. We have a Weights and Measures Act, and we have had up to now another Act, which was referred to by my honourable friend. I cannot recall its exact name.

Hon. Mr. SINCLAIR: The Inspection and Sale Act.

Right Hon. Mr. MEIGHEN: The measure before us is, I presume, the Inspection and Sale Act, 1938.

Hon. Mr. DANDURAND: Yes. "This Act may be cited as the Inspection and Sale Act, 1938."

Right Hon. Mr. MEIGHEN: That makes the mystery deeper. It in no way refers to our present Inspection and Sale Act.

Hon. Mr. SINCLAIR: Would the right honourable gentleman look at clause 16, at the end?

Right Hon. Mr. MEIGHEN: Oh, yes. This is a sort of new Inspection and Sale Act.

Now, the first part of this Bill simply deals with matters affecting weights and measures of binder twine. The purpose is to make certain that binder twine, as to length and quality, is in accordance with the representations made when it is sold. In a word, it is a weights and measures provision.

The second part is distinctly weights and measures. It prescribes what shall be the weights per bushel of certain commodities when sold.

What I cannot get through my head is why we now have three measures. In fact I do not see why we should have two. There should be only one. The leader of the Government intended, I know, but has likely forgotten, to mention this matter.

I should like to have this Bill go to committee so that I may inquire of the officers of the department why they do not bring in one consolidated Act, to which anybody could refer when looking for the law of weights and measures.

Hon. Mr. DANDURAND: I would suggest that the Bill, when it receives the second reading, should be sent to the Committee on Agriculture. I will let my honourable friend know the date on which that committee meets.

Hon. DUNCAN MARSHALL: I think the two things dealt with are entirely different. I have tried to get a copy of the Potato Act, but have not yet been able to do so. I should take the inspection of potatoes to mean inspection in the field, something which has nothing to do with the weight in the bushel. It may mean inspection for leaf-curl, mosaic and other disease. I have not the Act by me. Already there is an Act which provides for the inspection of potatoes, and under which, if they are free from disease, they are qualified as fit for export to the West Indies. The West Indies get their seed potatoes from Canada because their own potatoes are unfit for use as seed.

Hon. Mr. SINCLAIR: The Weights and Measures Act does not deal with commodities at all.

Hon. Mr. MARSHALL: Do you know the chapter number of the Potato Act? I think you will find that these Acts have no connection.

Hon. Mr. DANDURAND: The Committee on Agriculture will go into this matter.

Hon. J. A. MacDONALD (Cardigan): The honourable gentleman from Peel (Hon. Mr. Marshall) does not seem to grasp the situation at all. What he says about inspection in the field is true, but that inspection applies only to certified seed potatoes, not to the general potato crop. The general potato crop must be inspected when it is being shipped; but there is no field inspection of it at any time.

Hon. Mr. MARSHALL: Then this really has to do with the inspection of potatoes to be shipped.

Hon. Mr. MacDONALD: Yes, but not inspection in the field.

As far as the West Indies trade is concerned, I may say that the development of disease there is not the real reason why they get new seed. The reason is that in Cuba and other countries in that tropical area they cannot preserve their crop from one season to another.

Hon. J. E. SINCLAIR: Honourable members, if you will study the Bill closely you will see that except for the clauses relating to the sale of binder twine, and the standard bushel weights for eight different commodities, all the sections of the old Inspection and Sale Act have been re-enacted by previous legislation. In Part II of this Bill there are some 32 different commodities to which we give a standard bushel weight.

The Weights and Measures Act, as administered by the Department of Trade and Commerce, deals exclusively with weights, scales and measures. It provides how many inches there shall be in a yardstick, how a gallon shall be determined, how the different scales shall be inspected and with what standards they must comply. All that work is under the jurisdiction of the Department of Trade and Commerce. The provisions of this Bill, as they relate to binder twine and the standard weights of the commodities mentioned, are administered by the Department of Agriculture. This, I think, is largely owing to the fact that that department has inspectors who are carrying on operations under other Acts like the Root Vegetables Act, the Insect Pests Act, the Hay and Feeding Stuffs Act, and the Fertilizers Act. I think that if my right honourable friend (Right Hon. Mr. Meighen) has an opportunity to look into the Bill in committee he will understand that there is really no direct connection between the standard weights of commodities and the Weights and Measures Act, which deals with weights and measures and how they are to be controlled.

Hon. Mr. MARSHALL: The situation with regard to binder twine has arisen through conditions in the West. Buildings have been burned, and some of the binder twine has been salvaged and re-rolled in balls and offered for sale. It is short in length. This

Bill provides for the inspection of binder twine of that kind.

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

DIVORCE BILLS

SECOND READINGS

On motion of Hon. Mr. McMeans, Chairman of the Committee on Divorce, the following Bills were severally read the second time:

Bill N-1, an Act for the relief of Louise Anderson Lindsay.

Bill O-1, an Act for the relief of Kathleen Helen Frances Penfold Findlay.

Bill P-1, an Act for the relief of Mary Esther Wahl Watt.

Bill Q-1, an Act for the relief of Eva Grace Barlow Sunbury.

Bill R-1, an Act for the relief of Irene Marjorie Wiseman Litwin.

Bill S-1, an Act for the relief of Lorraine Olive Lafontaine Caron Pilot.

CANADA EVIDENCE BILL

CONSIDERED IN COMMITTEE—PROGRESS REPORTED

On motion of Hon. Mr. Dandurand, the Senate went into Committee on Bill 37, an Act to amend the Canada Evidence Act.

Hon. Mr. Donnelly in the Chair.

On section 1—wife or husband competent and compellable witnesses for prosecution:

Hon. Mr. McMEANS: What is the prosecution for?

Right Hon. Mr. MEIGHEN: Theft by one of the property of the other.

Hon. Mr. McMEANS: I wonder what is behind a provision of this kind. These people are married and they separate. There may be some dispute as to the ownership of household goods or something of that kind, and in order that evidence may be obtained one of them must be arrested and charged with a crime. Is there any request for this from the police?

Hon. Mr. DANDURAND: Under the Criminal Code there are eight cases in which the wife or the husband can testify against her or his partner. This adds one more case. The Commissioner of the Mounted Police has asked for this, and has given reasons why it should be added. I do not remember exactly what the reasons were, but I was convinced that we should add this clause, which makes it compulsory for one of the partners of the marriage to testify against the other.

Hon. Mr. McMEANS: To my mind it simply enlarges the criminal law. If a man and his wife have a dispute and separate, and the husband comes in and says to his wife, "You have taken furniture which belongs to me," and she says, "No, I haven't: it is my furniture," a charge may be laid. I look with grave suspicion on legislation of this character, whereby people who are married and separated can go to court and charge each other with theft.

Hon. Mr. DANDURAND: I have the memorandum here. The purpose of the amendment contained in the first clause of the Bill is to make the husband or the wife a competent and compellable witness for the prosecution where the charge is one of theft by the husband or the wife of property of the other. The amendment was suggested by the Commissioner of the Royal Canadian Mounted Police as follows:

> Section 4, subsection 2, should be amended to provide that a husband or wife shall be a competent witness for the prosecution in charges laid under section 354 of the Code. As the Canada Evidence Act now stands, the husband whose property is stolen by his wife cannot give evidence against her, and vice versa.

Hon. Mr. McMEANS: Why should he, and why should she? I cannot see any reason for enlarging our Criminal Code in this way. Every year some enlargements are made to it, and I think many of them are unnecessary.

Hon. Mr. ROBINSON: Hear, hear.

Hon. Mr. McMEANS: We had a good instance brought before us when we were considering the Lord's Day Act in committee: it was shown that a man who did not observe the Sunday law could be sent to jail for six months. Amendments of this kind are very important and I think they should be carefully looked into.

Hon. Mr. DANDURAND: I must have read the reasons given by the Minister of Justice supporting this amendment, but I have forgotten them. I will move that the committee rise and report progress and ask leave to sit again, and before our next sitting I shall have the information that was given in another place with respect to the measure.

Right Hon. Mr. MEIGHEN: Perhaps I cannot help at all, but I really do not see any objection to this amendment.

Hon. Mr. McMEANS: That may be, but there are some who do.

Right Hon. Mr. MEIGHEN: But I hope I have as good a right to express my views as the honourable gentleman has to express his.

This Bill, if I read it rightly, would not enlarge the scope of the criminal law at all. It would not make possible the laying of any charge that cannot be laid to-day. As the honourable leader has said, all that this amendment seeks is to make a husband or wife a competent and compellable witness for the prosecution at the trial, in the event that while they are living apart a charge of theft is laid, under a section now existing, by one of them against the other. We all know that many times in the past Parliament has, for reasons which seemed good, enacted an exception to the ordinary rule of law by providing that in certain circumstances a wife might give evidence against her husband, and vice versa. My main purpose in rising was to say—not in a pedagogic way at all—that I can think of no more appropriate kind of case to which that exception should apply than the kind we are considering here.

Hon. Mr. McMEANS: No charge would be laid by a wife against her husband, or by a husband against his wife, if this Bill were not passed, because the evidence could not be obtained.

Hon. Mr. DANDURAND: All the more reason, then, for passing the Bill.

Hon. Mr. McMEANS: I do not agree with that. Here are a man and wife, living separately, who have a quarrel about furniture. If this Bill passes and they can give evidence against each other, one of them may lay a charge of theft. That would not be done under the law as it stands at present, because of the impossibility of getting evidence.

Right Hon. Mr. MEIGHEN: Certainly a charge could be laid now, and the circumstances might be such that it could be easily proven. I am a husband, say, and I claim that my wife, who is living apart from me, has taken property belonging to me. As the law is to-day, I could not go into the box and give evidence against her, but I could, of course, produce evidence by a document or a witness or witnesses to prove that the property was mine and that my wife took it. So the honourable member is not correct in stating that a charge could not be laid under the present law. The Bill merely seeks to provide greater facilities for the husband or wife in establishing a charge by one against the other. I do not like repeating myself, but I shall have to do so here to conclude my point. If there ever could be a reason for varying from the well-known rule of law that a woman cannot give evidence against her husband, nor a husband against his wife—and there have been frequent variations—it would appear to be furnished by the kind of case we are considering here.

Hon. Mr. McMEANS: I do not agree with the right honourable gentleman. I do not see the force of his argument at all.

The motion of Hon. Mr. Dandurand was agreed to.

Progress was reported.

SEED GRAIN LOANS GUARANTEE BILL

THIRD READING RESCINDED

Hon. RAOUL DANDURAND: Honourable senators, I now ask the House if it would kindly agree to a procedure which is not often followed here. We have this afternoon given third reading to Bill 78, an Act to assist the Provinces of Alberta and Saskatchewan in financing the cost of seed and seeding operations for the crop year 1938. The Minister of Justice, unaware that the Bill had been passed here, has sent word to ask if the Senate could not unanimously consent to the insertion of the words "in respect of principal" after the words "Government of Canada" in the latter part of the second and the third clause of the Bill. If this were done, it would mean that the latter part of clause 2, which deals with the Dominion guarantee of bank loans in respect to Alberta, would read as follows:

> provided however that the liability of the Government of Canada in respect of principal under all guarantees given under this section shall be limited to one million nine hundred thousand dollars.

And the latter part of clause 3, which deals with the Dominion guarantee of bank loans in respect to Saskatchewan, would read:

> provided however that the liability of the Government of Canada in respect of principal under all guarantees given under this section shall be limited to fourteen million five hundred thousand dollars.

There is obviously an omission in the clauses as they are at present worded, and I crave the goodwill of the Senate in permitting the third reading to be rescinded and these amendments to be made. Unless that is done, the Minister of Finance will have to introduce another Bill to correct this one. I am in the hands of the right honourable the leader on the other side (Right Hon. Mr. Meighen).

Right Hon. ARTHUR MEIGHEN: Honourable members, we are very free in our procedure here. This is an extreme case, though. I think we should not rescind a motion for third reading if it were requested of us so that a bill could be substantially altered or made to read differently from what

we had intended. But the alteration that the leader of the Government now asks us to make is one that would simply put the Bill in the shape that everybody thought it was in. It never occurred to me that the measure as we passed it did not mean what it will mean if we accede to the honourable gentleman's suggestion, namely, that the limitation of the Government's liability applies to the principal only and not to interest. I have no objection to the third reading being rescinded in these circumstances. I would suggest that the amendments be proposed in a separate motion.

Hon. Mr. DANDURAND: Then, with leave, I move that the third reading of Bill 78, an Act to assist the Provinces of Alberta and Saskatchewan in financing the cost of seed and seeding operations for the crop year 1938, be rescinded, and that the motion for third reading be restored to the Order Paper, so that we may make the amendments that I have suggested.

The motion was agreed to.

BILL AMENDED

Hon. Mr. DANDURAND: The motion for third reading having been made by me, I would suggest that some other honourable member move the amendments. Would the honourable senator from Parkdale (Hon. Mr. Murdock) please move them?

Hon. Mr. MURDOCK: I move, seconded by the honourable senator from Moncton (Hon. Mr. Robinson),

that clause 2 of the Bill be amended by inserting after the words "Government of Canada" the words "in respect of principal," and that clause 3 be amended by inserting after the words "Government of Canada" the words "in respect of principal."

The amendment was agreed to.

THIRD READING OF BILL AS AMENDED

Hon. Mr. DANDURAND: I now move the third reading of the Bill, as amended.

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

The Senate adjourned until Monday, April 4, at 8 p.m.

THE SENATE

Monday, April 4, 1938.

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

Prayers and routine proceedings.

WAR VETERANS' ALLOWANCE BILL

THIRD READING

Hon. Mr. KING moved the third reading of Bill 35, an Act to amend the War Veterans' Allowance Act.

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

COPYRIGHT BILL

REPORT OF COMMITTEE

Hon. Mr. BLACK: The Standing Committee on Banking and Commerce, to whom was referred Bill 12, an Act to amend the Copyright Act, 1931, has given consideration to the Bill. As a result of its deliberations the committee has produced what is virtually a new Bill, and I am going to suggest that the consideration of the report be postponed until to-morrow. I have before me a short statement, prepared by the Law Clerk, as to the progress of the Bill since its introduction in the other House. Instead of reading it, I would ask permission to place it on Hansard.

Hon. Mr. DANDURAND: The statement, which my honourable friend has not read, will appear in Hansard?

Hon. Mr. BLACK: Yes.

The following is the statement prepared by the Law Clerk:

Bill 12 was sponsored in the House of Commons (where it passed unanimously) by a private member, Mr. Esling.

The Senate Committee on Banking and Commerce has completely re-written the Bill and, as well, has added to it several new clauses.

An explanation, therefore, is owing, so that the relevant causes, changes and results may be known in the Senate and elsewhere.

Of clause 1 of the Bill as it passed the House of Commons the committee would leave only its first twenty lines, ending with the word "Canada." The result is to leave subsection 1 of section 10 of the Copyright Amendment Act, 1931, as enacted in 1936, unchanged except for the substitution of the word "has" for the word "claims" in the third line from the end of the subsection. A clerical error is corrected in the third line from the beginning of the same subsection by striking out the word "of."

The committee would strike out the whole of clause 2 of the Bill.

The changes proposed were made with the concurrence of Mr. Esling, who would thereby achieve his aim, but by another route than that proposed in the House of Commons.

It was developed before the committee that Canada, in common with many other nations, is party to international conventions which pledge that Canada will not impose any "formalities" upon the enjoyment or exercise of copyrights by owners thereof who adhere to such conventions. Following upon the passing of Bill 12 in the Commons, international and other representations were made that the compulsory provision of lists of copyrighted

matter which Bill 12 proposed would amount to the imposition of a formality and a breach by Canada of the terms of the conventions. These representations came before the committee, which did not, in the result, find it necessary to reach any conclusion as to their soundness or validity. The committee concluded that the new provisions of the Bill as to lists should be struck out and the same end achieved by the substitution of two new clauses in the Bill. These are clauses 4 and 5 of the Bill as proposed to be amended. They are easy to understand and the committee is advised that they are not in conflict with any convention. The conventions by their terms allow considerable freedom to enact national law to the parties thereto.

The remarks already made account for clauses 1, 4 and 5 of the Bill as proposed by the committee.

The new clause 2, as proposed, is merely to correct an error made in 1936 in the mode of legislation. The committee, being advised that as a result there were conflicting duplicate provisions in the Copyright Act, would clear the decks, so to speak, and enact again, without change, what had been imperfectly done in 1936.

The new clause 3 as proposed is designed to clear up a suggested doubt whether the provisions of the legislation of 1931, as since added to, could be regarded as amendments of the Copyright Act, so as to enable the two Acts to be read together. It is important that they be read together because, otherwise, the definitions of the Copyright Act, as in the Revised Statutes, cannot be applied to the Copyright Amendment Act, 1931.

Finally, since the Bill as now proposed extends to the Copyright Act, as well as to the Copyright Amendment Act, 1931, the committee proposes that the title of the Bill be amended to conform.

Consideration of the report was postponed until to-morrow.

DIVORCE BILLS

THIRD READINGS

On motion of Hon. Mr. McMeans, Chairman of the Committee on Divorce, the following Bills were severally read the third time, and passed:

Bill N-1, an Act for the relief of Louise Anderson Lindsay.

Bill O-1, an Act for the relief of Kathleen Helen Frances Penfold Findlay.

Bill P-1, an Act for the relief of Mary Esther Wahl Watt.

Bill Q-1, an Act for the relief of Eva Grace Barlow Sunbury.

Bill R-1, an Act for the relief of Irene Majorie Wiseman Litwin.

Bill S-1, an Act for the relief of Lorraine Olive Lafontaine Caron Pilot.

PRIVATE BILL

MOTION FOR SECOND READING

Hon. G. LACASSE moved the second reading of Bill M-1, an Act respecting Madame Belle Hervey Harper Cazzani.

Hon. Mr. BLACK.

He said: Honourable members, may I offer a brief explanation of this Bill? The purpose of the Bill is to provide for the entry into Canada of a woman by the name of Belle Hervey Harper Cazzani, an Italian citizen at present residing in Edinburgh, Scotland. She is an American-born woman who married an Italian and lived for some years in Brazil, where her husband died. She went to Italy for the burial of her husband, and has remained in Europe ever since. Three or four years ago she developed some mental trouble, which necessitated the appointment of a curator bonis.

The Immigration Act prohibits the entry into Canada of a person who is not mentally sound; hence this appeal to Parliament by the petitioners.

Hon. Mr. CASGRAIN: She has £55,000 sterling.

Hon. Mr. LACASSE: Yes. There are other details, of course, which could be added; but I would plead with this House, whatever may be the grounds upon which the petition is based, to allow the Bill to go to committee for further study, so that the petitioners may have a chance to explain more thoroughly the reasons for its introduction.

I move the second reading of the Bill.

Hon. RAOUL DANDURAND: Honourable senators, I regret to have to state that it is my intention to challenge this Bill on the second reading, not in committee. The explanation given by my honourable friend (Hon. Mr. Lacasse) is to be found in the preamble of the Bill. This being so, the story cannot be varied, and I accept it as it is; but I must say that it can support neither my honourable friend's conclusion nor the Bill itself.

The statement which I have from Mr. Blair, Director of the Immigration Branch, reads as follows:

Belle Hervey Harper was born in the United States, of American parents, in 1875, continued to reside there until 1911, when she married an Italian citizen named Cazzani and went with him to Brazil and resided there until his death in February, 1931, when she took up residence in the British Isles, being at present resident in Scotland.

It is alleged that in 1932 she became mentally incapable of conducting her own affairs and a guardian named John Henry Waterston, of Edinburgh, was appointed. The form of mental trouble discloses itself in ultra extravagance and in religious matters. She is now being cared for in a sanatorium.

Mrs. Cazzani has a brother, Robert O. Harper, an American citizen resident in Detroit, who on her death is expected to become her sole heir, as she has no children. Her estate is valued at $345,000. The larger part

($260,000) is said to be in British securities and the balance ($85,000) in U.S. securities. It is understood to be the desire of Mr. Harper to have his sister transferred to Canada to be cared for, presumably, in some institution at Windsor, in order that he may better protect his interest in her estate.

Mrs. Cazzani has never resided in Canada, nor has her brother. She is not a British subject and has no claim on this country to the very special consideration this Bill involves. Because of her mental condition she belongs to a prohibited class under U.S. Immigration law as well as under Canadian Immigration law. See Immigration Act, Chapter 93, R.S.C. 1927, section 3 (a).

Many requests have been made to the Dominion Government over a period of years, and continue to be made, for the admission of the mentally defective whose admission either as immigrants or non-immigrants is prohibited by the Immigration Act. This case, like other similar requests, was refused.

There is no fear on the part of Government that Mrs. Cazzani would become a public charge in Canada, as her estate is more than ample to provide for her needs. There is an important difference between the background of this application and most others received, in that neither Mrs. Cazzani nor her relative has the slightest claim on this country, while in most other cases those seeking the entry of the mentally defective are Canadian citizens established here and much more entitled to any consideration that Canada might show.

The present Bill, so far as we are aware, is the first effort to accomplish the admission of a prohibited person by means of an Act of Parliament. Should it be successful it will establish a precedent that will quickly be seized upon by many others desiring similar concessions. It constitutes a serious blow to the administration of the Immigration Act, designed for the protection of Canada against the entry of not only the mentally defective, but various other groups included in the "prohibited classes" (see section 3 of the Immigration Act). Divorce applications became so numerous as to be a nuisance to Parliament, but any encouragement offered in the direction of Bill M1 will produce a similar but greater harvest of trouble.

That remark is one which perhaps might better have been made by myself.

I would draw the attention of the Senate to the fact that we have an immigration law and that its provisions forbidding the entry of mentally unsound persons have been enforced even when application for permission to enter has been made by Canadians on behalf of relatives or friends who had some ground for being admitted here. This woman has none. She is an Italian, a Brazilian or an American. The Bill sets out that she was born in the United States, in which country, I believe, she was married. Why does she not appeal for admission to her motherland by a special Act of Congress? But no, she makes application to Canada. It just happens that her brother lives in Detroit. He apparently thinks it would be easier for our Parliament to make an exception to the Canadian law than it would be for Congress to make an exception to the American law.

Whatever good features there may be about this case, such as the fact that the woman has means, they do not alter the situation. Our law has been uniformly administered, and I believe that instead of authorizing exceptions to it by Act of Parliament it would be better to amend the law so as to give some leeway to our immigration officials, permitting them to use their own discretion. I submit that this is not a case—I doubt whether, so long as the law remains as it is, there could be one at all—which would justify the making of such an exception as this Bill contemplates. If it were contended that a rank injustice had been done, or the Act grossly violated or falsely interpreted, and if evidence were offered in support of that contention, the situation would be entirely different. The case is simply and clearly stated in the preamble of the Bill. Under these conditions I move in amendment, seconded by the right honourable senator from Eganville (Right Hon. Mr. Graham), that the Bill be not now read the second time, but this day six months.

Hon. C. C. BALLANTYNE: Honourable senators, I rise simply to thank the honourable leader of the Government (Hon. Mr. Dandurand) for so clearly placing before the House cogent reasons why we should not assent to second reading of this Bill. I cannot add anything to what has been so plainly stated in his own remarks and in the Department's memorandum which he read. I hope the House will concur in the amendment moved by the honourable leader and seconded by the right honourable senator from Eganville (Right Hon. Mr. Graham).

Hon. J. P. B. CASGRAIN: Honourable senators, here is a woman who, I am informed, has £55,000 sterling. Naturally no bill such as this would be necessary if Madame Cazzani could enter under our present law, or if it were intended so to amend the law that such a person could come in. I for one would gladly admit immigrants who would each bring in £55,000, but I say that instead of enacting an amendment that would permit this woman's entry we should simply pass this Bill. We have been receiving paupers here, many of whom become a charge upon us. Some of those people have been brought to Canada from the south-east of Europe, where they were misfits in their own parishes. Once they get here they do not want to go back.

I do not know why we should not accept this Bill, or at least give it second reading and send it to committee. There may be good reasons for the measure, and in committee we could find out whether there are or not. If it developed there that the woman did not have very much money, we could reject the Bill. It has been suggested that if she were admitted to Canada she would live in an institution at Windsor, which is just across the river from Detroit, the home of her brother. Those who are familiar with that locality, as I am, know that boats are constantly going to and fro across the river there, and that the trip can be made in about five minutes; besides there is a tunnel, also a bridge. So it would be the easiest thing in the world for the brother to come and watch over his sister if she were in Windsor.

Canada would benefit by the money that this woman would bring in, and when she died her estate would pay succession duties to the Province of Ontario. Mr. Hepburn likes to get money through the Succession Duties Branch. He has recently brought in considerable sums from estates that had been neglected by other persons.

I do not see any reason for rejecting the Bill in a summary manner. We should refer it to the Committee on Banking and Commerce so as to afford the petitioners an opportunity of substantiating the facts recited in the preamble. The lady is possessed of a considerable estate, according to the petitioners. They should be given an opportunity of proving its value.

Hon. Mr. DANDURAND: I admit that there is a considerable estate.

Hon. Mr. CASGRAIN: My honourable leader admits it by moving that the Bill be given the six months' hoist. I for one would certainly have the Bill considered by the Banking and Commerce Committee. If the facts were proven before that committee, should we reject the Bill? Special legislation is necessary in this case; otherwise it would be illegal for the lady to enter Canada. This Bill is somewhat analogous to a divorce bill. As honourable members are aware, a private or special bill is required for the dissolution of a marriage, and divorces have been granted since Confederation. To my mind it is very unfair not to allow the present measure to be referred to a committee.

Hon. L. COTE: May I point out to the honourable gentleman who has just spoken that we all admit the facts recited in the preamble of the Bill. Therefore if we referred the Bill to a committee we should not know then any more than we know now.

Hon. Mr. CASGRAIN: How does the honourable gentleman know now? Did he count the money?

Hon. Mr. COTE: The facts are all recited in the petition. For the purposes of this discussion we admit those facts. Consequently the only point to be decided has to do with policy—whether we are to accept the principle that all wealthy insane aliens shall be admitted to Canada. I for one am not ready to adopt any such principle. We do not want to make Canada an international sanctuary for wealthy aliens of unsound mind.

Hon. Mr. GRIESBACH: I rise to a point of order. A motion has been made for second reading. Surely the motion for the six months' hoist should be in the form of an amendment.

Hon. Mr. DANDURAND: It is. I moved in amendment that this Bill be not now read the second time, but this day six months.

Hon. Mr. LACASSE: I should not like the occasion to pass without thanking my honourable friend from De Lanaudière (Hon. Mr. Casgrain) for coming to my rescue in this most desperate situation! While the feeling of the House with respect to the Bill is evident, I think it is unusual to reject a Bill on the motion for second reading. I submit that we should follow the usual course and refer the measure to a committee where the petitioners could be afforded an opportunity of supplementing the explanations they have already given in the preamble. The procedure now proposed is what a surgeon would term a radical amputation.

I may state for my personal satisfaction, and possibly also for the satisfaction of the House, one of the reasons which, I understand, induced the brother to make this application. It is stated that he wishes to have his sister brought to Windsor as "on account of financial conditions he does not want to run the risk of having her estate taken to the United States of America, but prefers to have it here in Canada." The implication is obvious, and adds to one's pride in being a citizen of such a financially stable and well-governed country as Canada.

My honourable friend from De Lanaudière has called attention to a point not to be overlooked, that upon the lady's death the Government of Ontario would collect succession duties on a very considerable estate.

Once again I would urge that the petitioners be given an opportunity before the Committee on Miscellaneous Private Bills to furnish whatever information may be required of them with respect to the Bill. I understand that this is the usual procedure,

and, with all deference to my honourable leader—for whose sound judgment and wise leadership I have the highest regard—I do not see why an exception to that procedure should be made in this particular case.

Some Hon. SENATORS: Question!

The amendment of Hon. Mr. Dandurand was agreed to.

CANADA EVIDENCE BILL

CONSIDERED IN COMMITTEE

The Senate again went into Committee on Bill 37, an Act to amend the Canada Evidence Act.—Hon. Mr. Dandurand.

Hon. Mr. Copp in the Chair.

On section 1—wife or husband competent and compellable witnesses for prosecution:

Hon. Mr. McMEANS: The amendment proposed has to do with a certain section of the Criminal Code. I have not had an opportunity of looking it up. Perhaps the honourable the leader of the Government could explain.

Hon. Mr. DANDURAND: Honourable senators, the law takes it for granted that husband and wife are one and cannot as a general rule testify against each other. Yet eight exceptions have already been created. Among the cases in which one partner may testify against the other are the following: seduction, vagrancy, neglect to provide the necessities of life, abandonment of a child under two years of age, rape, bigamy, abduction.

It is proposed by this Bill that where man and wife are separated, and one of the partners is accused of having committed theft against the other, the victim may be a witness. This, I think, is a fair right of the party who has been despoiled and who lives separate from the other.

The Minister of Justice says this amendment was asked for by a number of magistrates throughout the land, and by the Commissioner of the Royal Canadian Mounted Police. The Bill received the sanction of the high legal authorities of the House of Commons, and, I may say for the information of those who were not here on Thursday last, the commendation of the right honourable the leader on the other side (Right Hon. Mr. Meighen). In view of this unanimous agreement of legal luminaries, I move the adoption of this clause.

Hon. Mr. McMEANS: After the very interesting explanation given by the honourable the leader of the House, I am almost afraid to say anything. There does not seem to be any answer to his argument.

This has to do with a case where the husband and wife have separated. In cases of separation there is always a certain amount of acrimony, and there may be a dispute over the furniture or something else in the house. I do not think it is wise to say that a person who is temporarily separated should be allowed to go to the police court and charge his or her partner with stealing. Such action prevents the possibility of those two persons becoming reconciled. In the other cases which have been mentioned the crime is committed against outside parties. Regardless of what the police or any others may say, I do not like a provision of this kind, especially where there is a family of growing children. In my humble judgment you will have to provide new jails if you pass this measure. I do not agree that a man should be able to lay an information charging his wife with stealing the piano, or that she should be able to charge him with the theft of the kitchen stove. I think the principle is wrong.

Hon. Mr. DANDURAND: I would point out to my honourable friend that in nine cases out of ten the complainant would be the wife. I have had some experience in these matters by reason of the fact that when quite young I was asked to substitute for a police magistrate in Montreal during my holidays. I got a real picture of life. In many cases the man was a good-for-nothing, or, if he had some virtues, he was a drunkard, and conditions were such that life in common was intolerable. I saw to it that the wife had a chance to free herself from the grip of a man who was breaking the furniture and chasing her out of doors. Such a vicious individual will break into the home of a wife from whom he is separated and cause havoc, and I am quite ready to have a ninth exception made and that woman given the right to protect herself by appearing and giving testimony against her husband.

Hon. Mr. McMEANS: I am gratified to hear the honourable gentleman's remarks. I am sure that when the Divorce Bill comes up again he will be a warm supporter.

Hon. Mr. ASELTINE: My experience has been just the opposite of that related by the honourable leader of the House. In nine cases out of ten that have come before me the wife had run away with the furniture and other things that really belonged to the

husband. In most cases the household goods, furniture and fittings, belong to the husband; he has bought them and paid for them; but when the separation occurs the wife takes away everything she can get her hands on. I should not want to see the husband laying an information against his wife, under the Criminal Code, for that kind of thing.

It seems to me that this amendment is entirely unnecessary. Will the leader of the House tell us who is asking for it? Why is it thought to be necessary? Why do we continue to amend the Criminal Code in matters of this kind every session? The tendency seems to be to make new crimes all the time, so that informations can be laid against people for additional offences, which generally should be dealt with under the civil law. Who is asking for this amendment?

Hon. Mr. DANDURAND: I think my honourable friend has given a double reason for this Bill. He has said a good word for the husband, who is sometimes ill-treated. I have said a good word for the woman, who in nearly all such cases is ill-treated. The honourable gentleman asks me upon whose request I rely. I may say that I have no memorandum except the statement of the Minister of Justice, which is to be found on page 1572 of the Commons Hansard:

> This has been recommended by some magistrates, and more particularly by the late Commissioner of the Royal Canadian Mounted Police.

That is all the information I have. If my honourable friend desires more precise information, I can get it from the Department.

Section 1 was agreed to.

Sections 2 and 3 were agreed to.

The preamble and the title were agreed to.

The Bill was reported.

THIRD READING

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

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

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

THE SENATE

Tuesday, April 5, 1938.

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

Prayers and routine proceedings.

Hon. Mr. ASELTINE.

APPROPRIATION BILL NO. 2

FIRST READING

A message was received from the House of Commons with Bill 88, an Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1938.

The Bill was read the first time.

SECOND READING

Hon. RAOUL DANDURAND: The purpose of this Bill is to grant to His Majesty the sum of $36,717,668 for the public service of the financial year just expired, which sum represents expenditures made under special warrants and otherwise. With the consent of my right honourable friend (Right Hon. Mr. Meighen) and the leave of the House, I would move second reading now. Of course, if any honourable member desires that second reading should not be taken up until to-morrow, I shall not press my motion.

Right Hon. ARTHUR MEIGHEN: I have no desire to impede the passing of the measure. The House, of course, understands that this is a Bill to provide for $36,717,000 odd already expended, and chargeable to the year which ended on the 31st of March—nearly a week ago.

I should like the honourable leader of the Government, and the House as well, to turn to page 6 of the Bill, where it will be found that, of the $36,717,000 odd, no less than $29,371,500 consists of a series of payments under Governor General's warrants. The first of the main items is $13,750,000 to provide for feed and fodder for live stock in drought areas, and the last is $6,890,000 to make good a deficit in respect of the Canadian National Railways. These further sums should have been in the supplementary estimates of last year. I would ask the honourable leader of the Government to present to the House the Government's justification for these huge payments, made on Governor General's warrants without the authority of Parliament, on the well known and oft repeated principles of "constitutional government," the "rights of the people's representatives," and "the sovereign authority of Parliament."

Hon. Mr. DANDURAND: I have no doubt that I can furnish my right honourable friend with the documents he speaks of, and that everything will be found to have been done according to constitutional and parliamentary practice. I have not the documents before me, but I shall be prepared to produce them to-morrow.

Right Hon. Mr. MEIGHEN: What would the documents consist of?

Hon. Mr. DANDURAND: My right honourable friend has described them in a word which fell from his lips. Whatever they are, I can assure him they will be forthcoming.

Right Hon. Mr. MEIGHEN: The only documents that could be forthcoming would be Governor General's warrants; nothing else could be forthcoming. I should like to know how a Government which bitterly opposed the passing of an Act of Parliament to authorize taking care of relief as necessity should arise, and up to such amount as the necessity should demand, on the ground that the plan was a defiance of parliamentary privilege and the rights of the people's representatives, can now justify paying out money in tens of millions without any authority of Parliament whatsoever.

Hon. Mr. HARDY: It was not the same Government then.

Right Hon. Mr. MEIGHEN: That is the fact. If that explanation is given by my honourable friend (Hon. Mr. Dandurand), I shall accept it as the only honest one which can be advanced.

Hon. Mr. DANDURAND: There is a certain amount of cynicism in the statement made to my left.

Right Hon. Mr. MEIGHEN: But immortal truth.

Hon. Mr. DANDURAND: But this case is not parallel with the one to which my right honourable friend alludes.

Right Hon. Mr. MEIGHEN: It is far worse.

Hon. Mr. DANDURAND: There power was given to the Government without any restraint. No figure was mentioned. In this case, a situation having arisen which constituted an emergency, the Government was justified, under our ordinary practice, in turning towards His Majesty the King and asking that it be entrusted with funds to meet the emergency, provided that it afterwards came to Parliament for approval.

My right honourable friend will admit that the largest sum is that which was required to provide for the purchase and distribution of feed and fodder for live stock in the drought areas. Although at times we have boasted of being in partnership with Providence, we must accept the acts of Providence, whatever they are. Providence desired to withdraw for a time its beneficence to the southern areas of Saskatchewan and Alberta; so the Government had to step in and do the best it could. Surely my right honourable friend will not assert that this was not a case of emergency. I happened to be, as a member of Council, a witness of the situation as it unfolded, and I think my right honourable friend will commend the action of the Government.

As to the item, to which he alludes, "to provide an amount additional to that provided to cover the net income deficit of the Canadian National Railways," again I say it was impossible for the Government to know exactly what amount would be required, and it has had to meet a larger deficit than it expected.

So I do not believe there is absolute similarity between the criticism made by the right honourable gentleman and the criticism levelled at the power given the previous Government to spend any sum it pleased under what were, I will admit, very difficult and severe circumstances. Of course, all this is but an amusing incident, reminiscent of a situation which developed during the life of the preceding Administration. I do not maintain that criticism levelled at the Government is always justified one hundred per cent. I am not here to defend the criticism levelled at the previous Administration in the House of Commons. We are in a more serene atmosphere. I take the figures as they are.

I move the second reading of the bill.

Right Hon. Mr. MEIGHEN: I am going to consent, honourable gentlemen. And I wish to say that I appreciate the very frank repudiation of the conduct of members of the Commons in other days.

Hon. Mr. DANDURAND: Again my right honourable friend is exaggerating.

Right Hon. Mr. MEIGHEN: I realize that the cases are not parallel. If they were parallel, this would be just the ordinary sin which has so often been committed by people whose figures are right in my mind at this minute. No, the cases are not parallel at all. In the other case authority of Parliament existed, authority granted by the people's representatives to take care of emergency, and the taking care of emergency within the ambit of that authority was declared an affront to Parliament, a defiance of the rights of the people. But here, taking care of the emergency without any authority of Parliament at all—

Hon. Mr. DANDURAND: By tradition.

Right Hon. Mr. MEIGHEN: —yes, by tradition, accompanied by a very considerable degree of historical insolence—taking care of

the emergency without any authority of Parliament, just paying the money out by autocratic act of the Government—

Hon. Mr. DANDURAND: Under the aegis of the King.

Right Hon. Mr. MEIGHEN: —under the aegis of the King—that is the act which honourable gentlemen now applaud. Oh, what terrors memory has!

Right Hon. Mr. GRAHAM: To some people.

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

THIRD READING

On motion of Hon. Mr. Dandurand, the Bill was read the third time, and passed.

APPROPRIATION BILL NO. 1

FIRST READING

A message was received from the House of Commons with Bill 89, an Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1939.

The Bill was read the first time.

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of the Bill.

He said: Honourable senators, this is the customary Bill which appears yearly at about this date asking Parliament for one-twelfth or one-sixth of the year's supply, in order that the affairs of state may be carried on for one or two months, as the case may be. This measure is for one-sixth, that is, to cover April and May, and authorizes expenditure of $39,057,624.49. I do not expect any special objection to this usual means of providing the Government with the necessary funds for maintaining our public business.

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

THIRD READING

On motion of Hon. Mr. Dandurand, the Bill was read the third time, and passed.

LORD'S DAY BILL

REPORT OF COMMITTEE

Hon. F. B. BLACK presented the report of the Standing Committee on Banking and Commerce on Bill 13, an Act to amend the Lord's Day Act.

He said: Honourable senators, the committee has considered this Bill and recommends the following change:

Page 1, line 4. For clause 1, substitute the following:

"1. Section 14 of the Lord's Day Act, chapter 123 of the Revised Statutes of Canada, 1927, is repealed and the following is substituted therefor:

'14. Every corporation which authorizes, directs, permits or suffers its employees to carry on any part of the business of such corporation in violation of any of the provisions of this Act, shall be liable, on summary conviction before two justices of the peace, for a first offence to a penalty not exceeding two hundred and fifty dollars and not less than fifty dollars, for a second offence to a penalty not exceeding one thousand dollars and not less than one hundred dollars and for a third, or any subsequent, offence to a penalty not exceeding two thousand dollars and not less than two hundred dollars.'"

The Hon. the SPEAKER: When shall this report be taken into consideration?

Hon. Mr. BLACK: Next sitting of the House.

ELECTRICITY AND FLUID EXPORTATION BILL

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 21, an Act to amend the Electricity and Fluid Exportation Act.

He said: Honourable senators, this Bill has for its object the return to Parliament of the power which it granted to the Governor in Council for regulating electricity and fluid exportation.

Honourable members who were here in 1929 will remember the interesting discussion which took place on a similar bill that came from the House of Commons, based on the same principle as this one. That measure was commonly known, after the name of its promoter in the other House, as the Stewart Bill. It sought to give Parliament exclusive control over the issuing of licences for electricity and fluid exportation. It had been passed unanimously by the other House, after a fairly long discussion there. When it came to the Senate it was examined from various angles. It was a public bill sponsored by a private member. I do not recollect who sponsored the bill in this House, but, as it seemed to be a measure of considerable importance, and as we had never had occasion to review the whole question of export of fluids and electricity to the United States, the bill was examined minutely. I recall that honourable senators did not know exactly the history of the export of power and, as representing the Government, I was asked to furnish this Chamber with a list of export licences granted by the Federal Government. The statement

which I submitted to honourable members was quite illuminating, for they—and I confess I was among them—had no notion of what had occurred between the United States and Canada with respect to this matter. After a lengthy discussion the late Senator Béique moved that further consideration of the measure should be deferred until the following session, in order to obtain for the Senate production of the contracts upon which the licences were based. I read that discussion some weeks ago, and noticed that Senator Béique gave as a reason for his suggestion that it would be interesting to know exactly what were the conditions of those contracts.

I have said that the principle contained in the present Bill is the same as that underlying Mr. Stewart's Bill of 1929, that is, giving to Parliament direct control over the export of electricity. The provisions in respect of fluids, such as gas and oil, are not altered in this Bill; they are simply treated separately. Mr. Stewart's proposed measure called for the approval of Parliament, but did not indicate the form which that approval should take, whether by resolution or by private or public bill. In the present Bill, which has run the gauntlet of the House of Commons, the principle is accepted that approval should be given only through an Act of Parliament; that the three estates should join in approving the form of the licence to be given. The Bill prohibits export of power except by licence already granted or by authority of Parliament.

As to the policy which underlies this Bill, transferring to Parliament the authority to grant licences, and which determined the action of the Commons in 1929, I intend to read from the Commons Hansard of March 13, 1907, what Sir Robert Borden had to say against the conferring of such authority on the Governor in Council; and I surmise that his criticism of vesting it in the Governor in Council would mean, by implication, a preference in favour of having Parliament or some other body than the Governor in Council pass upon applications for export of power. I notice that my right honourable friend to my right (Right Hon. Mr. Graham) took a prominent part in that discussion.

Right Hon. Mr. MEIGHEN: Has the honourable leader under his hand Sir Robert Borden's words?

Hon. Mr. DANDURAND: Yes, I have them. In the Commons Hansard of March 13, 1907, at pages 4635 and 4636, Sir Robert Borden is reported as follows:

The other objection is that the Governor in Council is about the worst body that could be found for the purpose of dealing with such a matter.

Right Hon. Mr. MEIGHEN: What matter?

Hon. Mr. DANDURAND: The giving of authority to the Governor in Council to issue licences. If my right honourable friend will call for the Commons Hansard of March 13, 1907, he will have the full debate before him, but I think what I am about to read covers the point. Sir Robert Borden continued:

I say that for two reasons; in the first place, because the Governor in Council is not composed of persons having any special knowledge of the conditions which should control the export. It is composed of men who are very much taken up and occupied with their political as distinguished from their administrative duties. For that reason one would not anticipate that any Administration—I am not speaking especially of the present Administration—would be a very competent or capable body to deal with a question of this kind. The answer may be that they would be governed by the report of some officer, but when we are confronted by that answer, then, there is another consideration.

That is the consideration that the Governor General in Council under our system is and necessarily must be a partisan body. It represents presumably a majority of the people of this country and it certainly must always represent a majority of the members of Parliament. It is a partisan body, it acts as a partisan body and you will have entrusted to the Governor General in Council under the provision of section 5, very delicate questions indeed, questions which concern the material advantage of their political friends, questions which concern the material advantage of their political opponents; and it does not seem to me that it is wise to entrust so delicate a power as this must necessarily be to a body of that kind.

Right Hon. Mr. MEIGHEN: What did Sir Robert recommend instead?

Hon. Mr. DANDURAND: This is an excerpt from his speech. Perhaps my right honourable friend will find in the speech itself some suggestions for giving the authority to some other body.

In 1925 Mr. LeSueur moved this motion:

That in the opinion of this House the export of hydro-electric power from Canada should be permitted only on yearly licence, and no licence should be issued beyond those at present outstanding except for off-peak power.

The present Prime Minister, Right Hon. Mr. King, suggested that the motion should be amended as follows:

That hereafter no licence for export of power beyond that already granted should be issued except with the concurrence of the province or provinces in which it is proposed to develop such power.

I see that my right honourable friend to my right (Right Hon. Mr. Graham) spoke at length on this matter; but I desire to cite the view expressed by my right honourable friend on the other side (Right Hon. Mr Meighen). The motion, as amended, was agreed to on June 15, 1925. It will be found at page 4288 of Volume 5 of Commons Hansard of that year, in this form:

That in the opinion of this House the export of hydro-electric power from Canada should be permitted only on yearly licence, and that hereafter no licence for export of power beyond that already granted should be issued except with the concurrence of the province or provinces in which it is proposed to develop such power and of any other provinces adjacent to such development and interested therein.

My right honourable friend opposite said at page 4282 of the same volume:

Power is not something that is in the world market, that another country can substitute for if a first country withdraws. Power is something which once exported becomes the foundation of a great vested right and the withdrawal of it—however closely, however narrowly and carefully it may have been provided for—becomes a practical impossibility. We found ourselves in the position that when we needed the power badly we could not withdraw it, and we found, as well, that although we applied the system of yearly licences the company undertook to give contracts extending over a period of time, and we were bound not only by the rights secured by the industry erected, but were also bound, in a measure, by the contract, although that contract had no warrant to be entered into.

Then at page 4287 my right honourable friend said:

I accept the amendment in order that we may be united and that the whole world may know how we are travelling in relation to this great question. But I would prefer that governmental responsibility should not be shirked, and I would have preferred that it be declared once and for all that we are against further exportation; but I accept it inasmuch as I believe this amendment in its practical result will reach the same end as the amendment that was moved before, because I do not believe that our provinces will agree to the export at all. That being my opinion, I accept the amendment as now agreed to by the Prime Minister himself.

In view of the fact that endorsation by the provinces affected would be required, my right honourable friend saw sufficient protection in the assumption that the provinces would not agree to the export at all. I think that today he doubtless prefers full parliamentary control over this important matter. But throughout the discussion of 1907, and more especially the discussions of 1928 and 1929—for the Stewart Bill was introduced in 1928—it was the unanimous opinion of the House of Commons that Parliament should be vested with the right of control.

This Bill provides that, apart from the renewal of existing licences, to which the present law shall continue to apply, there shall be no export of power unless it is authorized by a private Act of Parliament. The petitioner for such a private Act must secure an Order in Council from the province in which the power is generated, and the province from which it is to be exported. Power is not to be exported if it is needed in Canada. The price charged for the power exported is not to be lower than the price charged for power sold in similar circumstances in Canada. The authority to export is not to be effective for more than one year, but may be renewed from year to year by the Governor in Council. No private Act is to run for more than five years; and the authority given is to be revocable at any time by the Governor in Council. It will be seen that the restrictions are much more rigid and the safeguards much more efficient than those provided in the statute of 1907.

The amendment also vests in the Governor in Council authority to meet temporary emergencies, but only for the period of such emergencies; and it leaves with the Governor in Council the authority to renew or to cancel the licences which exist at the present time.

I commend this Bill to the wisdom of the Senate. It restores to Parliament the authority which was granted to the Governor in Council. It covers a matter of considerable import to Canada—the disposition of one of her natural resources which is transformed into enormous power and keeps the wheels of industry turning. Requests for permission to export power are to be made through a petition to Parliament. The conditions under which the export is to be permitted will be contained in the petition and in the private bill, which will be examined by committees of both Houses. I believe this offers a safeguard which will be welcomed by the people. The discussion will be open, and the decision will not be that of the Governor in Council based upon the report of experts. What we need in such a large matter as this, which affects the natural resources of Canada, is a decision taken by the two branches of Parliament in the full light of day.

During my career I have been aware at times of a reluctance on the part of Parliament, including the Senate, to divest Parliament of power and grant it to the Governor in Council. What is proposed now is just the reverse. The Governor in Council says to Parliament, "We are now desirous of returning to you the powers you granted to us."

I move the second reading of the Bill, seconded by the Right Hon. Mr. Graham.

Right Hon. ARTHUR MEIGHEN: Honourable members, the subject-matter of this Bill is not new to the Parliament of Canada. Its importance has been recognized for decades. It involves the whole question of the export of power, the problem whether Parliament should say yes or no as to the export of power in toto, and, if Parliament does not say no, the proper method of regulating export, and the principles to be followed. Nothing could be more obvious than that the Bill has to do with a matter of public policy. It is distinctly public policy in every aspect and in its very essence.

The honourable member has recited the history of parliamentary treatment of the subject as far back as 1925, and has referred to certain remarks of Sir Robert Borden on one phase of the subject in the year 1907. I shall endeavour in a brief space to make known to the House my position on the question. Attempts have been made to inform the public in advance as to what I would do and what I would say. I prefer to express my opinion for myself. I do not intend to be influenced in the slightest degree by any predictions, and I hope the House will give me credit for being sincere when I say I shall certainly not be influenced by any personal affiliations or alleged personal animosities. Though I welcome the reference, I had no need to be reminded of the debate of 1925. I have made no extensive research into the farther past to ascertain what was said on a cognate or perhaps the same subject in 1907.

The honourable member, in moving the second reading, referred to the policy behind this Bill. I am afraid his words were inept. Most obviously there is no policy behind the Bill. This Bill is a skilful effort to avoid all policy. This Bill, in the boast of the Government—and the word is not used offensively—masquerades as an attempt to return certain authority to Parliament, but it is authority which by statute the Government now possesses. Could such a course be declared a policy on the subject of the export of power? If so, what is the policy? Has anyone an answer? Some will say, "The same device has been resorted to on other subjects." Of course; but there is no statement of policy until the Government declares what Parliament should say, and there is no such declaration here.

Hon. Mr. DANDURAND: Each case will be treated according to its merits.

Right Hon. Mr. MEIGHEN: That is not a policy; it is avoiding all policy. That is merely leaving until a later date the declaration of where the Government stands. And the avoiding is rather awkward, and all the more manifest, by reason of the statement in this Bill that when the subject comes up again it must come up by way of a private bill. Why should Parliament direct that a matter of public policy of the highest importance must in future be dealt with by the bill of a private member? Did we ever so direct in other days? Is there a case in history where this Parliament, by statute, has provided that what shall be done in future in respect of a matter of public policy must be done on the initiative of a private member? I cannot remember any such instance.

Hon. Mr. DANDURAND: It is in order that Parliament may be seized of the petition.

Right Hon. Mr. MEIGHEN: Parliament does not need to be seized by means of a private bill. A public bill can be introduced by the Government, which is responsible for public policy.

So I say this Bill has no public policy behind it. This is merely an attempt on the part of the Administration to avoid a declaration of policy. It simply throws its hands in the air. I shall not try to avoid making a definite statement, before I sit down, as to how I think the matter should be handled.

In 1907 Sir Robert Borden, as quoted by the honourable leader of the Government, said —I have not been able to attach his words to the specific subject, but I am ready to agree that it was the export of power—

Hon. Mr. DANDURAND: It bore on the delegation of authority to the Governor in Council.

Right Hon. Mr. MEIGHEN: On the general subject of the delegation of authority. I have no fault to find with Sir Robert Borden's declaration. He was deprecating the conduct of Parliament in giving such wide powers to the Governor in Council, involving even the determination of policy. In his speech he referred to an effort being made to give the Governor in Council power to determine the effect of a preferential tariff, and where it should apply and where it should not. That is a delegation of policy. Sir Robert Borden would be quite right in taking exception. He may have taken exception even to the delegation to the Governor in Council of the right to make administrative decisions incidental to a general statutory authority as regards the export of power. The reasons he gave were that when it came to the practical application of the statute the Governor in Council, of necessity a partisan body, might be influenced by party considerations, and that it was crowded with work. For these two reasons he felt there should be another body.

But did he say that the body to assume the administration of public policy should be Parliament itself? Every reason Sir Robert adduced against the delegation to the Governor in Council would apply with multiplied force against a delegation to Parliament. Is the Governor in Council more partisan than a majority of Parliament? Not at all. Is Parliament not occupied with matters political? Of course it is. Sir Robert's argument would tell, a fortiori, against the course the Government now contemplates of bringing a matter of administration into Parliament. What he argued for in the case before him was that a more appropriate body to deal with administration would be the Railway Commission. If the honourable gentleman (Hon. Mr. Dandurand) had read the next paragraph he would have seen that. There is no objection at all to a delegation to the Railway Commission or any other commission established by Parliament. But that is not what the Administration is doing. It is simply declaring: "We don't know what to do. We are in a corner, and we are going to get rid of the subject by getting out of our own responsibility."

The leader of the Government calls attention to the debate of 1925. I remember that debate. It was precipitated by a resolution of the then member for Lambton, Mr. LeSueur. After considerable argument pro and con, an amendment of the then Prime Minister, was accepted on both sides; and by the terms of that acceptance I am prepared to stand now.

Hon. Mr. DANDURAND: It is embodied in the present Bill.

Right Hon. Mr. MEIGHEN: Oh, no; not at all. The resolution as amended provided, not that the Electricity and Fluid Export Act should be repealed, but that the powers vested in the Governor in Council under that Act should be exercised subject to certain overriding principles, which were definitely stated, and that there should be no export in the future beyond what there was then, save with the consent of the provinces interested.

Hon. Mr. DANDURAND: That is embodied in the Bill.

Right Hon. Mr. MEIGHEN: Very good. The law, as approved by that resolution, declared a principle that should be applied in respect of public policy, and stated what public policy was, and we said to the Government, "In the execution of your duty in administering that Act, see that you have the approval of the provinces before you grant licences." But the administrative body to carry out the policy was the Governor in Council; and to that, though we were in opposition, we agreed.

Why should it not be the Governor in Council now? It may be that I have more confidence in the Governor in Council than has the leader of the Government. I am not at all unwilling that the Government should be given its proper functions of administration and be held responsible for the proper discharge of those functions. Not at all. The business of Parliament is to lay down policies, and, if it wishes, to put special restraints on the administrators it appoints. But to say, as this Bill does, "We de not know what on earth public policy should be, and will wait until a special private bill is presented to us before deciding," is absurd. Was there ever such a proclamation of infirmity? If the Government is not satisfied with the policy in respect of the export of power as declared by our present legislation, let it say so and propose amendments to that legislation. If it would rather delegate to the Board of Railway Commissioners authority to administer the statute, I will take no exception. But I do protest against an Administration coming into the House and saying: "Parliament has laid down a policy, which it has entrusted to us to administer. We have a difficult case before us and we do not know what on earth to do about it. We are in doubt as to how to administer the policy; so we ask Parliament to wipe its statute out and let us postpone decision as to what our attitude shall be until a private member's bill is received." I find that position all the harder to understand since the difficult case which the Government had before it has gone up into thin air.

Hon. Mr. DANDURAND: Will my right honourable friend allow me to say that the difficult case which he visualizes as having been confronting the Government, and which I take to mean a case that originated in Ontario, is not at all the one which led to the declaration in the Speech from the Throne that control over these export licences would be returned to Parliament. That declaration was elicited by three petitions from Montreal, from the Montreal Light, Heat and Power Company, and was not in any way concerned with the Ontario request, which was made six months later.

Right Hon. Mr. MEIGHEN: To my mind it does not matter a whit where the difficulty arose, whether in Ontario or Quebec. Faced with a problem respecting administration of

a statute, the Government does not know how to act and it comes to Parliament and says: "Do not entrust us any longer with this control. We do not know what to do. Take this responsibility off our backs. When an individual case arises, let it come to Parliament through the back door, a private member's bill, and then we shall do the best we can with it."

In 1925 I felt strongly opposed to the export of any power beyond the quantity then permitted. At that time the Hydro Commission of Ontario was exporting, I think, about 100,000 horsepower a year, and I should have been ready to support a bill forbidding entirely any further export. The compromise as embodied in the resolution of that year was accepted by me largely in the belief that the actual result would be the same—that no additional licences would be granted—for I did not believe the provinces were in favour of export.

Any argument which I adduce from now on is not necessary at all to explain my opposition to this measure. I am opposed to it because it is not in accordance with the tradition of Parliament, the function and responsibility of Government. It is a defiance of that tradition and an evasion of that function and responsibility. But I will not refrain from speaking what I feel about the export of power. There was, there has been, and there is to-day, grave danger in the export of power. It is not like other commodities. There is not an alternative market from which it can be purchased. And there is always danger that by exporting power we may ultimately bring about an emigration of some of our own people. Export may lead to conditions under which there spring up in another country industries which would have been developed here had power not been sent abroad. And if you export power directly to industries or communities you are in grave danger of bringing about dependence upon the export, and consequently there arises a very serious practical difficulty if it becomes necessary in the interest of Canada to discontinue exporting because of need for more power at home.

But there have been developments. There are to-day gigantic power distributing agencies. Instead of being exported directly to consumers, power may be delivered to one or more of those agencies. They may be able to save money by importing, but they would have recourse to other sources of current if their importations were cut off. In that case there is not the same dependence—and I have had enough experience to know that that case can well arise.

Even there strictest limitations and safeguards must be provided. It is easier to provide them to-day than it was fifteen, or even ten, years ago. The principal reason why it is easier is that the margin of advantage in developing and distributing hydro power as compared with its competitor, steam power, has been constantly diminishing. There is still an advantage in the major area of circumstances. Where the load factor is high, where power is used constantly the year round, there is still an appreciable advantage in favour of hydro power, though it is not as great as it was ten, fifteen and twenty years ago. As this margin of advantage of hydro power over steam power diminishes, the peril attached to export tends to diminish as well. I do not argue for a minute that severest safeguards must not be provided, for they must be.

I am not convinced to-day that there are not sometimes, and will not be in Canada for a considerable while, circumstances under which we could justify a properly safeguarded export of power. I am not convinced that we could not improve our present Act and provide by statute reasonable general safeguards. And personally—I am asking no support from anyone in this decision—I should not be prepared to-day, as I was in 1925, to stand four-square against power exportation under all conditions. It seems to me that the proper thing to do is to establish conditions under which export may be permitted, making them such that there will be no reasonable fear of international complications when a change of circumstances arises, and to leave further details to the Administration, or, if the Administration prefers, to the Railway Board. Then let the thing be worked out, as every other governmental problem is worked out, by the appropriate body designated by Parliament to administer the policy embodied in the statute.

The honourable gentleman (Hon. Mr. Dandurand) says we are declaring here conditions under which a private bill can pass in future. He knows, just as well as I do, how futile those conditions are: he knows that they are only window dressing—just a facade. They mean nothing whatever.

Hon. Mr. DANDURAND: If a private bill is presented, will it not have to go before two committees, one in each of the Houses of Parliament?

Right Hon. Mr. MEIGHEN: Of course it will. But what is the sense of our deciding to-day what legislation will have to be passed two years from now, or at any other future

date? We cannot tie the hands of Parliament. We may surround the contemplated introduction of a private bill with all the trimmings we like, and they will go for nothing. If a man comes forward with a private bill providing, "Notwithstanding anything in the Electricity and Fluid Exportation Act, it is enacted as follows," and succeeds in having his measure passed, it will not matter what is in this Act. Conditions change from time to time, and a year from now it may be necessary to make some restrictions which are not necessary to-day, or to abandon some upon which we have to insist to-day. Any attempt to tie the hands of Parliament for even a year would be a mere futility. Let us lay down general principles and guiding restrictions, and provide that if occasion arises, when the appropriate administrative body declares it is in the interest of our country to permit export, then within those principles and restrictions and on the basis of this statute we shall permit it. That is the way public policy should be declared.

But if anyone is opposed to export of power under all conditions, he should advocate repeal of this Act and a declaration that there shall be no more export.

Right Hon. Mr. GRAHAM: My right honourable friend says that a future Parliament could change any statute, no matter what it was.

Right Hon. Mr. MEIGHEN: Certainly.

Right Hon. Mr. GRAHAM: If the Railway Board were given certain authority, Parliament could at any time afterwards take away that authority or change anything that the Board had done. The whole thing is in the hands of Parliament.

Right Hon. Mr. MEIGHEN: That supplements the case I was trying to make. If we are endeavouring to determine what shall be the form of a private bill in the future, we are just wasting time. Anyone who is opposed to the export of power and wants his view confirmed by statute should vote for a bill repealing the Electricity and Fluid Exportation Act and enacting that there shall be no export of power, or at least no further export. He who believes in exportation under certain conditions should vote for a measure which sets out those conditions and commits administration of the law to an appropriate body. Any person who takes either of those stands should oppose this Bill. Support of it can be justified by anyone only on the ground that he wants to help the Government out.

Right Hon. Mr. GRAHAM: There may be a difference of opinion about that.

Right Hon. Mr. MEIGHEN: There may be two different opinions, but one will be right and the other wrong.

Right Hon. Mr. GRAHAM: That is a matter of differing opinion again.

Right Hon. Mr. MEIGHEN: On this question Parliament has been right for a long time.

Right Hon. Mr. GRAHAM: But Parliament has changed its mind several times.

Right Hon. Mr. MEIGHEN: This is a new exercise of Parliament. This measure simply declares that as to exportation of power we shall do nothing at all except provide what kind of bill ought to be introduced by a private member in future, when the hour strikes for a decision to be made.

Hon. Mr. DANDURAND: My right honourable friend was not in the other House in 1929.

Right Hon. Mr. MEIGHEN: No. I shall come to 1929.

Hon. Mr. DANDURAND: That House unanimously agreed to transfer to Parliament the power which had been vested in the Governor in Council.

Right Hon. Mr. MEIGHEN: Yes. I was not in the House at that time or that decision would not have been unanimous. I should have had exactly the same opposition to it as I have to-day, no matter how highly I regard the private member who introduced that bill. It is very manifest that there is no politics in this. I do not know whether the view I am expressing had even a single supporter in the House of Commons or whether it will have one here. But it is my opinion. That is the way I like to pass on public problems: I do not like to run backwards and forwards and sideways, seeking to put off the hour of decision.

Hon. Mr. DANDURAND: Then my right honourable friend was right in entering this Chamber.

Right Hon. Mr. MEIGHEN: I followed the same principle in the other House. I do not think I ever had a reputation for dodging anything. This measure is nothing but a sort of high policy of dodging; it is just an exercise in the art of getting away from an immediate difficulty—and a rather clumsy exercise. I do not know what the great difficulty is. Why cannot the Government state under what conditions it believes power should be exported? Or, if it does not believe in

exportation under any conditions, why not say so and present a bill for complete abandonment of the policy of exporting power? What is the trouble here? The trouble should be far removed by now, for I am unable to see that very much remains of the difficulty which faced the Government and impelled it to take this course.

Hon. Mr. DANDURAND: I have corrected my right honourable friend on that point.

Right Hon. Mr. MEIGHEN: That difficulty is pretty well gone. Whatever other difficulty remains, why not face it frankly? I have helped the Government to face it, by stating general principles which I think should be followed.

I am against the main provisions of this Bill, though I am not opposed to export of power under all conditions, even under some conditions which cannot properly be designated as an emergency.

The measure would give the Governor in Council power in certain circumstances. A private member would not be necessary then: there would be no need to bring in a private bill on which the Government could divide because of inability to agree. These are called emergency circumstances. But who decides whether there is an emergency or not? The Government. If the Government decides an emergency exists, then for the purposes of this statute there is one, and the Government can do what it likes.

In addition to its other infirmities the Bill is utterly futile. It is a pretence; it really does not restore power to Parliament at all. If there were a restoration of power to Parliament, then Parliament should state its new policy. That would be the correct procedure. The business of Parliament is not the administration of policy; it is the declaring of policy, the putting of it into statute form. But here we have no putting of policy into statute form. By retaining for the Administration emergency powers, the same to be determined by the Government, the Bill becomes just a pretence. I do not want to intimate that this is what the Government intends, for I do not think it has any such intention at all. The Government's only intention is to postpone the hour of decision and to provide for having questions on a matter of important public policy come before it in such a form that one member can vote one way and another can vote differently, according to political exigencies with which each may be surrounded. That course I do not favour and cannot support. I will support sending the Bill to a committee of this House so that amendments may be proposed for the purpose of having the will of Parliament declared in this great matter of principle and policy, and, in line with what we have always done throughout our history, leaving administrative features of the Act to the Governor in Council or the Railway Board or any body we may care to establish.

Hon. Mr. LYNCH-STAUNTON: Does my right honourable friend intimate he is in favour of the proposal to provide in this Bill that when the occasion arises the Government may refer the matter to the Railway Commission?

Right Hon. Mr. MEIGHEN: Oh, no. If the Government would prefer that administration of the statute should be delegated, I would not object on the score that it is delegated to the Railway Commission instead of being exercised by the Governor in Council. But my confidence in the Government is not so meagre nor so destitute of reality that I would shrink from the Bill if it entrusted administration to the Governor in Council. While the Government is constitutionally in office, that is its duty and its function, unless it feels the burden of the details to be so great that the administration of the Act should go to some other permanent body established by Parliament. What I say is that the function of Parliament is clear in this as in all matters of public policy: declare your course, put it into a statute, hem that statute about with whatever restrictions you like, and then commit to the body of your choice the administration of the will of Parliament.

Hon. J. P. B. CASGRAIN: Honourable members, as recently as last Monday I was informed by a gentleman whom I regard as one of the greatest authorities on the generation of electric power that to-day you can produce as much current with one ton of coal as you could have produced ten years ago with three tons. This has an important bearing on the cost of production as between steam-generated power and hydro-electric power.

As my honourable friend from Rigaud (Hon. Mr. Sauvé) will doubtless remember—he was then leading the Opposition in the Legislature—the Quebec Government some years ago arranged to export 300,000 horsepower—100,000 to be contributed by the Beauharnois Company, another 100,000 by the Shawinigan Company, and the remaining 100,000 by the Montreal Light, Heat and Power Company.

Hon. Mr. SAUVE: I was not there.

Hon. Mr. CASGRAIN: My honourable friend was there a long time.

Hon. Mr. SAUVE: In opposition.

Hon. Mr. CASGRAIN: Those power companies were supposed to have that amount of electric energy for sale; but it was not exported. No inquiry was made, but the reason why the power was not exported is obvious. Right at Massena Springs, in New York State, and also at Niagara, on the American side, the generating companies have surplus power that they cannot give away. I furnished the House with the exact figures on a former occasion.

Hon. Mr. CALDER: Where is the power generated that they cannot give away?

Hon Mr. CASGRAIN: At Massena Springs, in New York State, and also at Niagara Falls in the same state. Whether the lack of demand for power is due to the depression or not I cannot say, but in both places there is surplus power going abegging.

Now, some persons entertain the idea that hydro-electric power costs nothing. They would be quickly disillusioned if they started to build a generating plant. Suppose they issued $300,000 worth of bonds. They would find it would cost at least 75 per cent of the proceeds to install their plant. A similar installation to generate electric power by steam would only cost between 40 and 45 per cent of that bond issue. There is a big difference to start with, the hydro-electric plant costing nearly double the expenditure necessary on the steam plant. Then in connection with the hydro-electric plant you have to pay a royalty on the water-power. Mr. Duplessis has stated that on every horse-power generated in Quebec, whether it be exported or not, $1.50 a year must be paid to the province by way of royalty.

I admit that once you export power you can say goodbye to it, because if that power is used for lighting a town or city, or running a street-railway or any other public utility, it would be an unfriendly act to cut off the current. For example, during the last war Switzerland permitted the exportation of electric power, but when that power was required for the use of Swiss industry the Government found it would be impolitic to discontinue the exportation.

To my mind we are wasting a good deal of useful time in discussing this Bill, for undoubtedly we cannot at the present time sell any power to the United States. In New York State there are four or five big companies manufacturing electric energy by steam, and they can generate it at a cost much cheaper than the price at which we can afford to export our hydro-electric power.

I have just read a book, issued by an organization subsidized by the Rockefeller Foundation, in which it is stated that the cost of each horse-power of electric energy rises $1.50 every additional hundred miles to take care of the laying of cables and the transmission losses. I know of a company that undertook to bring 100,000 horse-power from Quebec at a cost of $4,500,000, but the ultimate figure reached a total of $6,000,000. As I have said, there is the heavy cost of building the line and the increasing transmission losses on every added hundred miles. On the contrary, with steam-generated power you need no transmission line, and of course you have no transmission losses. Another advantage of steam-generated power is that in case of a strike you simply shut down your plant; but you have to operate your hydro-electric plant twelve months in the year.

It is apparent that there are several advantages in steam-generated power as against hydro-electric power. I do not wish to be disrespectful, but to my mind this Bill, if enacted, will have no more effect than a mustard plaster on a wooden leg. I cannot see that it will do any good; but I admit it will do no harm. And there is something to be said in favour of taking an innocuous medicine, rather than a dangerous specific such as the cancer serum which during the last week has produced fatal results to patients in the United States to whom it was administered. I repeat, I do not think this Bill can do any harm, and I wonder why the right honourable gentleman opposite (Right Hon. Mr. Meighen) waxes so eloquent and worries so much over it. I suspect he was doing it more for fun than anything else.

If electric power is to be exported, I think it is a very good idea that permission to export it should be secured by a private Bill. Subsection 2 of section 6 reads:

> With every petition for a private Act to authorize the exportation of power there shall be deposited a duly certified copy of an order of the Lieutenant Governor in Council of the province in which the power proposed to be exported is generated declaring that the said power is not required for use in the said province and that the Lieutenant Governor in Council makes no objection to the exportation thereof.

I would ask honourable members to bear in mind that the Lieutenant Governor of a province is an officer of this Parliament. If he signs an Order in Council the Provincial Government cannot find fault with that order. It may be told, "You have asked for it, and now you have it." That is all. It is very simple. I do not see any reason why we should worry further about this Bill.

Hon. Mr. DANDURAND: If no other honourable members desire to intervene, I will close the debate.

The only point of difference between my right honourable friend and me is as to the main reason for this Bill. I think he was somewhat unjust to the present Government in alleging that it presented the measure to Parliament because it hesitated or disliked to take the responsibility which is vested in it under the present statute dealing with the exportation of electric power. I know my right honourable friend is very busy, perhaps more so than I am, and he may not have read the debate in the other House. I must confess that since I had to bring the Bill before this Chamber I devoted several hours to a perusal of that debate. I would draw his attention to this fact, that in 1928 the Stewart—

Right Hon. Mr. MEIGHEN: In 1929.

Hon. Mr. DANDURAND: In 1928 first. In that year the Stewart Bill was given second reading unanimously in the House of Commons. In 1929 it was given first, second and third reading unanimously. I am aware that my right honourable friend was not there at the time, but the Commons then decided that control should be vested in Parliament. That is the guiding principle which the Prime Minister has had to take notice of since 1929. When, prior to his departure for Europe in April last, the Montreal Light, Heat and Power Company presented a petitition—it was renewed during his absence, while I was acting for him—a considerable effort was made, because of the pressing nature of the business, to obtain a licence. What did the Prime Minister answer? He said, "I am bound by the statement I made last year"—that is, 1936—"in the House of Commons." In that speech he stated that he felt bound by the unanimous will of the House of Commons as expressed in 1929, and cited a similar declaration by the Minister of Trade and Commerce. And he declined to grant the application of the Montreal interests, stating he would have to submit it to Parliament. Under what form? Under the very form which the House of Commons had approved of—the sanction of Parliament. The Stewart Bill did not indicate in precise terms how that sanction should be given, whether by resolution or by private Bill. A long discussion took place in the other House about the difference between a private Bill and a public Bill presented by a private member; but no one contested the authority of the Stewart Bill of 1929, by which the Lower Chamber declared itself in favour of approval by Parliament.

Why did the House of Commons favour a private Bill? It would take a considerable time for me to read to honourable members the debate on this question in the other House and the opinion of Mr. Edwards, the Deputy Minister of Justice, which was cited in that debate. The Commons said, in effect, "We favour a private Bill, because we lay down the principle that no export of power shall take place without the approval of Parliament." And that is the principle underlying both the Stewart Bill and this Bill.

Now, that is a general law embodying a certain policy, just as we have other statutes governing administration. But that general law can be varied by a private Bill, and it may be so varied under certain conditions. For instance, in railway matters the Railway Act lays down certain general principles, and petitions are presented to Parliament in support of private bills embodying powers varying such principles.

But my right honourable friend says that other conditions may be embodied in the Bill varying even this clause 4, and Parliament would be supreme. Certainly Parliament would be supreme. But I see the advantage of the Bill in dealing with this important question which divides public opinion to-day. We can realize it when we listen to my right honourable friend; for, without doubt, as there are those who favour, so there are others who are absolutely against, export of power. It will be for Parliament to decide each specific case as it is presented, but Parliament says under this Bill that each province interested shall pass an Order in Council in support of the petition for a private Act.

Section 4 of the Bill provides:

(1) Except as otherwise provided in this Act no person shall export any power unless expressly authorized to do so by a private Act of Parliament, or otherwise than in accordance with the terms and conditions contained in such private Act.

(2) With every petition for a private Act to authorize the exportation of power there shall be deposited a duly certified copy of an order of the Lieutenant Governor in Council of the province in which the power proposed to be exported is generated declaring that the said power is not required for use in the said province and that the Lieutenant Governor in Council makes no objection to the exportation thereof.

(3) Similarly, if the power is proposed to be exported from a province other than that in which the same is generated there shall also be deposited with the petition a duly certified copy of an order of the Lieutenant Governor in Council of such province declaring that the said power is not required for use in such

province and that the Lieutenant Governor in Council makes no objection to the exportation thereof.

(4) Every such private Act shall, unless it is otherwise expressly provided therein, be read and construed as including provisions that,

(a) the quantity of power to be exported thereunder shall, notwithstanding any provision therein fixing the quantity of power to be exported, be always limited to the surplus power in excess of that required for distribution for use in Canada;

(b) the power exported shall not be sold outside of Canada at a price less than the price of power produced and sold under substantially siimlar conditions for use in Canada;

(c) the said private Act may be repealed by proclamation of the Governor in Council, at any time, upon such notice as the Governor in Council shall prescribe, or, if the Governor in Council is satisfied that the conditions imposed by paragraphs (a) or (b) of this subsection are not being complied with, without notice;

(d) subject to the provisions of paragraph (c) of this subsection, the said private Act shall remain in force for a period of one year from the date of the commencement thereof but may be extended from year to year by proclamation of the Governor in Council for four further periods of one year each but not so that the said Act shall in any case remain in force for more than five years from the date of the commencement thereof, nor shall the said private Act operate to vest in any person any right to export power after the expiration or repeal of the said private Act.

So Parliament retains control and can still pass upon the very same matter that it approved five years before.

My right honourable friend speaks of the emergency clause. I do not believe he will object to such powers as are granted. As a matter of fact, he is disposed to favour the granting of all the powers to the Governor in Council.

But here is the new clause 7:

Notwithstanding anything contained in this Act, the Governor in Council, in the event of conditions arising which are deemed to constitute a temporary international emergency, may, upon such terms and conditions as he sees fit, grant temporary licences for the exportation of power or authorize an increase in the amount of surplus power to be exported under existing licences: Provided, however, that any such temporary licence or authorization of an increase of power to be exported under an existing licence shall continue only during the period of such international emergency.

Of course, "emergency" is not defined, but it has been accepted in the House of Commons as being a matter for the Government of Canada to decide on the spot and at the time, without awaiting the meeting of Parliament. I believe that under such conditions, in matters pertaining to our relations with our neighbour to the south, the Government should not be refused this power; and I think that when the Bill was before the other House this principle obtained the general approval of the speakers who carry most authority in that House.

If this Bill is given the second reading it will go before the Committee on Banking and Commerce. We shall then examine it from all angles, including those from which my right honourable friend has seen proper to criticize it. Of course there may be other ways of reaching a solution, but the Government has kept to the line laid down by the Stewart Bill of 1929, and has clung to the principle laid down of control by Parliament.

Right Hon. Mr. MEIGHEN: Would the honourable gentleman indicate to the House where the power is to be exported to?

Hon. Mr. LYNCH-STAUNTON: Mexico.

Hon. Mr. DANDURAND: The situation just now is very clear. I doubt whether under this Act power can be sent to any country other than our neighbour to the south. We know what the situation is there just at the moment, but we do not know what conditions will be in a year or two. My right honourable friend knows very well, and he has so stated, that conditions in this world change rapidly. They have changed even since this Bill was introduced in the other House. This is a general Act, and surely, because conditions at the moment would bar the presentation of a private bill, we should not postpone action and fail to carry on the policy laid down in this Bill—if there is such a thing—the existence of which my right honourable friend contests. We are simply proceeding, as an independent Parliament concerned for its own dignity should proceed, to carry this measure to completion. That is why it is now before the Senate.

Right Hon. Mr. MEIGHEN: We can afford to be leisurely and very thorough in our work.

Hon. Mr. DANDURAND: Yes.

Right Hon. Mr. GRAHAM: We always are.

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

COPYRIGHT BILL

CONSIDERATION OF REPORT OF COMMITTEE POSTPONED

On the Order:

Consideration of the report of the Standing Committee on Banking and Commerce with respect to Bill 12, an Act to amend the Copyright Amendment Act, 1931.

Hon. Mr. BLACK: I should like to have this item postponed until Thursday next.

Hon. Mr. DUFF: If consideration is to be postponed until Thursday, I wonder whether my honourable friend would be good enough to consider the proposal I am now going to make. I am ready to proceed at once to discuss one of the amendments made by the committee, but to-morrow I have to go away to Nova Scotia. I would ask whether this matter can be put over until the Senate resumes later on?

Hon. Mr. BLACK: I may say the request for postponement comes by reason of the fact that the Department of Justice wants to be sure that this measure will not interfere with international law.

Hon. Mr. DUFF: That is the point I want to bring up.

Hon. Mr. DANDURAND: Honourable senators, it has been represented to the Government that a certain part of this Bill infringes upon the rights of nations that have joined with Canada in the Berne Convention. The suggestion has been made that the Bill be suspended for a time in order that the Department of External Affairs and the Department of Justice may examine into the situation. I hope to have some information on the subject by Thursday. If I have not, I shall then move that consideration be postponed until after the recess.

Consideration of the report was postponed.

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

THE SENATE

Wednesday, April 6, 1938.

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

Prayers and routine proceedings.

ONTARIO AND QUEBEC CONTRIBUTIONS TO DROUGHT RELIEF

INQUIRY

On the notice by Hon. Mr. Casgrain:

That he will inquire of the Government:

1. What proportion will Ontario and Quebec pay of the twenty-seven millions odd in the estimates of this year for the drought in the Northwest?
2. What will be the amount contributed by Ontario?
3. What will be the amount contributed by Quebec?

Hon. Mr. DANDURAND: I have the following answer for the honourable gentleman:

The questions which the honourable senator asks should be dropped. It is impossible to tell what sums have been derived from the provinces of Ontario and Quebec in the fiscal year ended March 31, 1938. It is possible to ascertain sums collected at the customs houses and income tax offices in each province. Obviously, however, imports at cities like Montreal, Quebec, Saint John, Halifax, or other cities at the seaboard do not always show their destinations. Questions along this line which have been asked in times past have not produced results. The Dominion Bureau of Statistics has not been able to get the information. It is not a question which the Government could accurately answer, and an inaccurate answer would be worse than none at all.

It would also be as difficult to compute what return from that expenditure would be received by Ontario and Quebec, in the millions of dollars accruing to their manufacturing industries and commercial businesses, if the Western Provinces were blessed with a good crop this coming season.

Right Hon. Mr. MEIGHEN: Does the honourable gentleman style a request to drop a question an answer to it?

Hon. Mr. DANDURAND: The impossibility of answering means necessarily the dropping of the question.

PRIVATE BILL

REFUND OF PARLIAMENTARY FEES

On the notice of motion by Hon. Mr. Lacasse:

That the parliamentary fees paid upon the Bill M1, an Act respecting Madame Belle Hervey Harper Cazzani, be refunded to Messrs. Kenning and Grant, Windsor, Ontario, solicitors for the petitioners, less printing and translation costs.

Hon. Mr. HAIG: Honourable senators, in the absence of the honourable gentleman in whose name this notice stands (Hon. Mr. Lacasse), I will make the motion. I think it is in accordance with our customary procedure.

Right Hon. Mr. MEIGHEN: Honourable members, can funds in the Treasury to the credit of the Senate be paid out on a motion put in this form?

Hon. Mr. DANDURAND: I am unable to answer the technical question asked by my right honourable friend, but I know that we have been in the habit of refunding part of the deposit made on a petition when the bill based thereon is rejected. I have taken it for granted that it was within the discretion of the Senate to do so.

Hon. Mr. CASGRAIN: Less the costs of printing and translation.

Hon. Mr. DANDURAND: But I cannot say off-hand upon what regulation or authority of the Senate our procedure in this respect has been based.

Hon. Mr. MURDOCK: Usually such motions have a proviso—"less fifty dollars"—do they not?

Right Hon. Mr. MEIGHEN: In respect of divorce petitions, yes.

Hon. Mr. DANDURAND: Less printing and translation costs.

Hon. Mr. HARDY: I think that a motion like this was passed the first week of this session, with respect to a petition introduced last year and not followed by a bill.

Hon. Mr. DANDURAND: I am informed that the Senate has authority to refund fees, so long as the money received has not been transferred to the Treasury.

The motion was agreed to.

LORD'S DAY BILL

REPORT OF COMMITTEE

Hon. F. B. BLACK moved concurrence in the report of the Standing Committee on Banking and Commerce on Bill 13, an Act to amend the Lord's Day Act.

Hon. RAOUL DANDURAND: Honourable senators, this Bill as amended is completely transformed. The Banking and Commerce Committee has deemed it proper to transfer responsibility for violation of the Act from directors and officers of a corporation to the corporation itself; and for the penalty of imprisonment has substituted fines on a very much increased scale.

The amendment will occasion surprise in certain parts of the country where corporations, convicted of violations of the law, have paid the fines imposed and then continued to violate the law. I thought it would perhaps have been advisable to try to reach the representative of the corporation who had given the order to work on a Sunday, but the committee has decided otherwise, and I bow to its decision.

The motion was agreed to.

THIRD READING

Hon. Mr. MURDOCK moved the third reading of the Bill, as amended.

Hon. Mr. DANDURAND.

Right Hon. ARTHUR MEIGHEN: Honourable members, I take no exception to the account which the honourable leader of the House (Hon. Mr. Dandurand) has given of what transpired in committee, but as this Bill will now go back to the House of Commons amended in most important respects, indeed transformed almost into another Bill, I feel the viewpoint of those responsible for so transforming it should be put upon our records in order that it may reach the House of Commons.

As the honourable leader of the House has said, the Bill as it reached us sought to amend the Act by providing additional penalties by way of imprisonment for violation of the law by any director, officer, superintendent, foreman, or other employee of a corporation, whose orders other employees were by the conditions of their employment bound to obey. With that proposed amendment the Bill, I understand, passed the House of Commons unanimously.

One has only to state the effect of a law of that kind to make very obvious the impossibility of any assembly after due consideration accepting it. Companies at the present time are in many cases operating at a number of points throughout the country. There is no occasion to name certain companies to make plain what honourable members already know, that a corporation may operate three, four or five plants in Quebec, as many more in Ontario, and perhaps another in Manitoba. In the practical operation of any company dealing with perishable commodities, or using exceedingly delicate machinery which may get out of repair at any time, the directors cannot meet and decide what is to be done in each case. An emergency may have arisen five hundred miles from where they meet, and perhaps there is no possibility of their meeting to deal with it. Consequently the company must have a policy, and it commits to its managers or superintendents at its various plants the responsibility of deciding whether or not, at a particular point, it is necessary to continue a plant in operation on Sunday. The manager may not be at the point where this Sunday work has to be done; he may be at a distance from it; consequently he in turn may have to commit to another the responsibility for the decision. Under the Bill as it passed the Commons, each of these officers would be liable to a jail term if he did not decide rightly under the law; and he might have only five minutes in which to decide.

As was impressed on this House by the honourable member from Wentworth (Hon.

Mr. Smith), the result would be that this responsibility—if I may use the term—would not be assumed by the employee. It would be most unjust to ask him to assume it. He uses his best judgment. If he did not exercise good judgment his position with the company would be imperilled, but exercising it as best he can might leave him liable to a jail term. This is somewhat unconscionable. It seemed to me unfair—and I think this view was shared by nearly all the members of the committee—that the employee who initially gave the order, or even a subforeman, should be liable to a fine. If he makes a mistake to the prejudice of the company he is going to suffer anyway. But he does not profit by the operation of the plant on Sunday; the organized company is the beneficiary. Therefore it is the organized company which should suffer.

There is of course no way of making a company suffer except by a fine. It was represented to the committee that the fines had been too small, and that in certain districts of Quebec—from which alone representations came—companies had satisfied their consciences by paying the fines and had then proceeded again to defy the law. I do not question for a moment the good faith of those who made those representations. Let us assume there is no misunderstanding on that phase of the question as respects the past. Obviously, however, companies will not defy the law if the fines are heavy enough. So the committee decided that the best and indeed the only thing to do was to make a very substantial increase in the maximum fines. I think it was said before the committee that in the past even the lower maximum had never been imposed. If that is so, it merely shows that the magistrates, judges or justices who heard the cases felt there were extenuating circumstances sufficient to justify their imposing less than this maximum. We could not possibly assume that the magistrates or judges did not do their duty. The committee felt the right thing was to give them power to impose a maximum penalty up to $2,000 a day. For myself, I should not have objected to a higher maximum; but the large body of the committee agreed the fines should be as stated in the report, and it passed by a considerable majority. Indeed, I never before appreciated so highly the loyalty of the leader of this House to the Government as when I heard his lonely voice in opposition.

Hon. JAMES MURDOCK: Honourable senators, I was unable to be present when this question was before the committee, and therefore I shall not vote against the third reading of the Bill as amended, though I regard the amendment as merely a wooden gun with which to do some hunting. I think it is absolutely useless for the purpose of accomplishing what all honourable members of the committee desire, that is, to prevent unnecessary work on Sunday, which has prevailed in certain parts of the country. The right honourable gentleman who has just taken his seat said two or three times in the course of his remarks, as I think I noted, that the company suffers.

Right Hon. Mr. MEIGHEN: I said it would be the company that would profit by the operation.

Hon. Mr. MURDOCK: And I think you will find that you said the company suffers if a fine is imposed.

Right Hon. Mr. MEIGHEN: Should suffer.

Hon. Mr. MURDOCK: Let us read this provision. There is nothing here about companies so far as I can see. It says "every corporation." Is it possible that some individual carrying on a lumbering business in his own name and with his own money is a corporation? If so, my education has been wrong, and if the opinion expressed by the right honourable leader carries great weight, as I am sure it does, why could not this amendment have read, "Every corporation or company which authorizes"?

Hon. Mr. LYNCH-STAUNTON: The company is incorporated.

Hon. Mr. HARDY: "Company or person."

Hon. Mr. MURDOCK: There are many things I do not know about it. To me it seems absolutely useless because of the word "corporation."

Then let me come to the most important point. Will someone please describe to me the red tape or expense incident to prosecution by workmen under this Act? They are dependent on their little jobs for their homes and futures, as well as for a hundred and one other things, while the presumably wealthy corporation is sitting back smiling and entirely ignoring the Lord's Day Act.

Violation of the law in this Canada of ours is responsible for the death or the disablement of hundreds, yes, of thousands of Canadian people. What do I mean? We have on our Statute Book an automobile law which one and all, possibly even honourable members of this House, are guilty of skimming by at times in order to get away from it and the obligations imposed by it. Democracy teaches us that we are in charge. Someone has said that only a dictatorship would prevent the in-

fringement of the law. We read from time to time that in Russia railroadmen who make a serious mistake are shot. That method should certainly prevent serious mistakes. It seems to me that every time an important measure comes up here which contemplates the protection of the less fortunate members of Canada's society we devote our entire attention to deciding whether we may not be doing an injustice to somebody higher up in the Canadian social scale. Personally I think it is wrong. I think this provision is entirely useless, and simply amounts to the hunting of violators of the Lord's Day Act with a wooden gun; but I am not going to vote against the third reading.

Hon. CHARLES BOURGEOIS: Honourable members of the Senate, I concur entirely in what has already been said by the honourable the leader on this side (Hon. Mr. Dandurand). The experience I have had in my own constituency of Shawinigan leads me to believe that the passing of this Bill as originally worded is most opportune, because the law concerning the observance of the Lord's Day has been and is still being infringed very frequently. The only cause of this deplorable state of things is a lack of sanction in the law as it now stands, and as it will continue to stand should the recommendation of the committee be adopted.

Many companies find it more advantageous to violate the law than to comply with it. Honourable Mr. Justice Edouard Fabre Surveyer, President of the Quebec Sunday Observance League, who is also a prominent professor in McGill University, in a brief which was read before the Standing Committee on Banking and Commerce, gave very illuminating evidence to show that the big companies would rather pay fines, even large ones, than comply with the law. I quote from the memorandum of Honourable Mr. Justice Surveyer. He said:

> On Tuesday, before I left Montreal, one of the last things I read was a judgment of the Supreme Court of Canada disposing finally of a prosecution under that clause, which had dragged for exactly twenty-three months from a magistrate having the power of two justices of the peace to the highest tribunal in this country. Although the company did not find throughout this litigation a single judge ready to accept its point of view, which, although, in my humble opinion, untenable, was presented by an undisputed leader of the Bar, the company persisted in fighting to the end; and I dare say that, from a business standpoint, it was a good course to follow.

And further, at page 5:

> In the case I have mentioned, the company spent, I have no doubt, several thousands of dollars, and I am sure it is pleased with its bargain. So long as the profit to be expected from a violation of the law exceeds the expense of paying or fighting penalties, or both, so long will companies keep on violating the law. A fine which would be onerous to a small company will be mere child's play to a powerful institution.
>
> The only fear that will be effective is that of the loss of liberty. If the head of a plant expects to be sent to jail for a violation of the law he will see that the weekly repairs start at noon on Saturday and end at midnight, to be resumed on Sunday at midnight if they are not finished then, as they usually are.

Now there is another opinion. It comes from His Excellency the Bishop of Three Rivers. You cannot deny, honourable members, that His Excellency is aware of the situation, he being entrusted with the preservation of the morals of the people. He says:

> We are informed by the newspapers that the Brunelle Bill, respecting the keeping of the Lord's Day, has been sent to the Senate, after having been unhappily amended in the Commons.
>
> I think it might be proper to direct your attention to the aforesaid Bill, which is of special importance to our district, for the repeated infractions of the present law by our main companies are about to bring the complete extinction of our people's religious feeling. You have noticed yourself how freely our great industries scoff at the Lord's Day. This is a scandal which ought to be suppressed. The realization of larger profits is a poor reason for permitting the law of God to be violated with impunity.
>
> Moreover, it is wrong policy for the employers to act in such a way as to break down Christian discipline among their employees. When their ambition, once freed, will impel them to consider nothing but their own enjoyment, what shall remain to keep them from being jealous of their employers and from asking for equality? And what is then to be expected?
>
> Experience has proved the sanctions, as now provided by the law, to be of no effect; and it is reasonable to think that imprisonment alone is likely to curb "big business," which is so cynically transgressing the law, much to the scandal of the young.

After these two documents I read the opinion of the highest civil authority in this country, the Minister of Justice. On February 25 he said:

> There is no doubt that in the province of Quebec—I do not know whether it is the same in the other provinces—this law has not been observed by certain big corporations as well as it should have been, and labour unions have been protesting strongly against violations of the law and asking that some amendment should be made. When proceedings are taken in the courts against offenders—and it is the attorney-general of the province who has to authorize the issuing of proceedings before the courts—a corporation, when it is fined, pays the fine, and that is all there is to it.

Moreover, the members of the House of Commons have unanimously recognized that

infringements of the Lord's Day Act have occurred because penalties were not severe enough. Experience has proved fines to be of no effect.

Honourable senators, there are many kinds of bad legislation, but the worst, perhaps, is that which, because of lack of sanction, results in bringing ridicule upon legislatures and contempt upon the law. It is far better not to adopt a law at all than to accept it without proper provisions for its enforcement. The purpose of the Bill as it came to us from another place is precisely to provide measures for the enforcement of a law which, though good in principle, has up to the present remained unenforced.

With respect to this Bill there are, I submit, two points which we must consider. In the first place, a most important duty has been imposed upon all Christians to forbear, on the Lord's Day, from executing or performing any servile work which can be postponed to another day. I believe there is no hesitancy on the part of those who belong to either the Catholic or the Protestant church in acknowledging the necessity of a law to compel workers in general, whether they be employed in trades or in industries, to observe the commandment which, according to the Holy Scriptures, God gave to man, namely, to abstain from work on the Lord's Day. This country is composed of people of various religious creeds which differ on many points, but agree on the existence of man's duty to keep this commandment, except in certain well-defined circumstances. The exceptions imply that man would suffer too seriously if he had to comply with it in all circumstances, and that the Supreme Lawgiver does not intend that His creatures should obey it at the risk of very severe suffering.

Religious writers, moralists and even economists assert that a rest is necessary to man on the seventh day, for the sake of his mental and physical nature. So it may be contended with some force that the Lord's Day Act not only embodies the Divine law in our statutes, but also conforms with the law of nature.

Without entering into a lengthy examination of the reasons which might be invoked in favour of the original measure, I submit that it meets with the approval of the majority of our citizens. That submission is quite logical, since, as I have said, all the members of the House of Commons voted in favour of the Bill which we received.

It cannot be denied that several difficulties are raised by the provisions of the Bill, but that fact cannot constitute a sufficient reason for our refusing to pass it. We should endeavour to solve those difficulties, bearing in mind the main principle embodied in the measure, as well as the necessity of applying that principle without infringing upon justice and unnecessarily handicapping our industries and trades. Surely the Bill cannot be qualified as drastic if its twenty-four exemptions are considered. The main difficulty seems to lie in the responsibility placed upon the shoulders of the directors of a corporation when work is carried on in violation of the statute.

But let me remind honourable senators that under the federal and provincial laws regulating the organization and functioning of corporations the activity of a corporation is mainly under the control of its directors. There is no doubt that without the assent, either explicit or implied, of the board of directors, no superintendent, officer or agent of a corporation can work in its establishment on Sunday, or compel any employee or workman to work. So the directors of a corporation have at their disposal a very simple but effective means of insuring compliance with the original Bill if it becomes law: that is, to pass by-laws or resolutions enacting that their establishment shall be closed on Sundays. Then they should appoint officers or agents to see that these by-laws or resolutions are enforced. It is not easy, indeed it is almost impossible, to imagine such a state of affairs in a corporation's establishment that ordinary employees or workmen would work on Sunday in violation of an explicit prohibition contained in the by-laws or resolutions of the board of directors, and that superintendents, officers and agents would permit this.

This Bill is by its nature penal. Anyone acquainted with penal laws, whether federal or provincial, may have observed that there is virtually only one way of enforcing them and making them really effective; that is to have them provide for presumption of guilt, which may be rebutted by the defendant. This presumption is sometimes called prima facie evidence. The only way in law whereby the defendant can escape the consequences of that presumption is to produce sufficient evidence to destroy it. Some of the provisions of this statute create against the defendant such a prima facie case. In other words, if the evidence shows that work was done on a corporation's premises on Sunday by a superintendent, employees, agents or ordinary workmen, the onus probandi, or burden of proof, lies upon the directors. They would be required to show either that the work so performed fell within the exemptions enumer-

ated in the Act, or that the board of directors had previously adopted by-laws or resolutions prohibiting such work on Sunday.

When a law is enacted it is impossible to foresee all the difficulties which the courts may encounter in applying it to particular cases. It is the duty of the judiciary in deciding cases submitted to them to interpret and apply the laws, and to make up for obscurities and deficiencies therein by holding in accordance with the principles governing the interpretation of statutes.

Undoubtedly the original Bill, making directors of a corporation liable in circumstances other than those covered by exemptions in the statute, embodied a principle of justice which may be stated as follows: He should be held liable to the penalty who had the power to act and did not act.

It is obvious to everybody that under our laws governing corporations and companies the ordinary shareholder is in a state of complete impotency as regards any infringement of the laws by the directors. After casting his vote at the time of the election of the board, his power of action in the business of the company, in the management of either its internal or its external affairs, is paralysed or exhausted. If we refer to the jurisprudence of our courts we find it is very seldom that he may interfere in matters which the law places under the control of directors. And I must add that in most cases if the shareholder had the legal right to interfere it would be useless to him, because of the expense involved in exercising it.

At all events, any penalty which stops short of the imprisonment of the directors—any penalty which is merely pecuniary, whether it be imposed on the corporation's assets or on the directors or shareholders—will not produce results. If infringement involves nothing more than a pecuniary loss, if there is no restraint brought about by fear of being jailed, directors will readily infringe the law. And in my opinion there is no force in the argument that imposition of a penalty under this Bill would be tantamount to punishment of one individual for an offence committed by another, for I have already shown that under our system of corporation law prohibited work cannot be done unless it has been authorized or ordered by the directors.

I do not minimize the strength of the argument which points out the cruelty of placing upon the ordinary employee, the subordinate, the alternative of refusing to obey an order of his superior and thereby exposing himself to the risk of losing his position, or of complying with the order and thereby becoming subject to the penalty. Every penal law, however carefully worded, will, under certain conditions, have apparently severe consequences in some respects. We must restrict ourselves to consideration of the principle embodied in proposed legislation. If the principle be in itself conducive to the welfare of the community, we should adopt it and leave to the wisdom of our judges the task of applying it to each particular case, and, in so doing, of interpreting it judiciously, that is, in the light of all the circumstances which may modify its application.

In these remarks I have demonstrated, it seems to me, that the Bill which was drafted in the other House safeguarded equally the principles of law and the rules of equity. Consequently I feel it my duty to move that the revised Bill now before us be not read a third time, but that it be amended on page 1, line 15, by striking out the words substituted by the Standing Committee on Banking and Commerce and restoring thereto the words struck out by that committee. This is seconded by my honourable colleague from Essex (Hon. Mr. Lacasse).

Hon. C. C. BALLANTYNE: Honourable senators, I have the greatest respect and admiration for the honourable senator from Shawinigan (Hon. Mr. Bourgeois). I realize that he has a very brilliant legal mind, but I must say that I have never listened to a more confused statement in regard to the problem now before this House than he has just delivered.

I have been connected with large corporations all my life. According to the honourable senator, they are more or less an aggregation of men desirous of breaking the Sabbath Day. Why he should come to such a conclusion as that, I am at a loss to understand. The men who manage these large corporations are of very high standing: they have just as much regard for the Lord's Day as any other citizens of Canada. Why should a large corporation be so desirous of effecting repairs on Sunday as the honourable member endeavours to convince this House it is? From my experience in large corporations I can say that we are always very reluctant to have any Sunday work done, and it would be ordered only in case of emergency. The honourable senator must understand that if repairs are made on Sunday the cost is a great deal higher than for similar work done on week days. You would have to pay from one and a half to double the regular rate in order to get men to work on Sunday. The honourable gentleman comes from a large industrial centre. Does he want to have great manufacturing companies in Three Rivers, Grand-Mère and

Shawinigan prevented from undertaking emergency repairs on a Sunday, the plants thus compelled to be shut down on weekdays, and hundreds, if not thousands, of men deprived of their regular daily work?

In the committee we were not told by those supporting this Bill where the complaints originated. Are such complaints general? Do they come from every province? I go further and ask, do they come from men engaged in various large plants situated, as I said a moment ago, in Shawinigan, Grand-Mère and Three Rivers? If so, will the honourable gentleman be good enough, when I resume my seat, to inform this House how many large corporations are so eager to break the Lord's Day Act? Perhaps he will also give us their names. Why should any industrialist or any officer connected with a large corporation have such a burning desire to break the Lord's Day Act by requiring his men to work on Sunday? For the life of me I cannot see why there should be any such desire. I think it is only fair and just to this House that if the honourable member does not wish to furnish the names of offending companies he should at least state the number of complaints of violations of the Lord's Day Act.

Hon. Mr. BOURGEOIS: If the honourable gentleman will refer to the brief which Mr. Justice Edouard Fabre Surveyer read before the committee, he will find many specific cases of violation of the law.

Hon. Mr. BALLANTYNE: So far as I know, not a date was given nor a firm mentioned.

Now, the honourable senator says that directors should be held responsible for infractions of the law. Let me say to him that unless there is a breakdown of a large and expensive piece of machinery, for instance an engine or a boiler, amounting to $1,000 or so, the question of dealing with emergency repairs never reaches the board of directors at all.

Hon. Mr. BOURGEOIS: That is covered by section 11.

Hon. Mr. BALLANTYNE: Many of our large industrial companies have plants located at various points all the way from Halifax to Vancouver. In each of those plants there are a general superintendent, an assistant general superintendent, a foreman, and so on. They are the men who decide whether or not there is an emergency necessitating repair work on Sunday. Surely my honourable friend does not think that a question of urgent machinery repairs costing from $200 to $500 will be sent to the head office in Montreal or Toronto, there to remain in abeyance until the board of directors is called together to make a decision. I am on the boards of directors of several large companies, but I have never known of such a question being brought before a board.

I repeat what I said a moment ago: this seems to me to be a tempest in a teapot and to be centered around Three Rivers. Well, why not tell this House there are so many cotton mills and paper mills there? And why not tell us also that at Shawinigan there are power plants and chemical and other industries? Even if the honourable gentleman cannot give us instances of violations of the law in other provinces, surely he can tell us how many times these large companies in Quebec have violated the Lord's Day Act.

My honourable friend, like myself, was a member of the other House for several years. He knows full well how few members become interested in a private bill when it is introduced there. So I am not greatly impressed when a private Bill such as this happens to pass the other House without opposition. Having had experience in both Houses, my honourable friend must be aware that we exercise far more care here in dealing with private Bills.

It is very unfair to gentlemen who have devoted their money, their brains and their time to developing the industrial life of Canada to broadcast to the country that they are offending the religious susceptibilities of the community by doing their utmost to violate the Lord's Day Act. One might infer from the honourable gentleman's remarks that it would be more economical and advantageous to operate factories on Sunday than, forsooth, on Monday. If the honurable gentleman would impress the House, he should furnish the number of complaints from the various provinces of violations of the Lord's Day Act. If he cannot supply that information, he should at least state the number of plants in Quebec which have contravened the law. As honourable members are aware, many manufacturing companies are operating on a large scale at Grand-Mère, Shawinigan and Three Rivers.

I see no objection whatever to the changes which the committee made in the Bill. They are, in my view, right and proper changes, for in case of infringement, undoubtedly, the company should be proceeded against rather than its employees.

I think that in these days, when the industrial and economic outlook is not very bright and we are apprehensive lest we may be

entering another depression, we are not doing a good service to the working men of the Dominion by casting aspersions upon those who are doing their full part in developing our industries from one end of the country to the other, and so providing employment for thousands of men. The executives of our great manufacturing companies are just as high-minded and observe the Sabbath Day just as strictly as other men. I for one resent my honourable friend's reflection, whether intended or not, on those who have put their money, their brains, and their time into the great industries of this country of which we are all so proud.

Hon. G. GORDON: Honourable members, it appears to me that when the honourable senator from Shawinigan (Hon. Mr. Bourgeois) addressed us he was dealing with the Lord's Day Act; and had he been criticizing that legislation I should be inclined to support him. But the Bill as amended by the Banking and Commerce Committee raises the maximum penalty to $2,000 a day, and should be satisfactory to him. I should like to know what company in Quebec, Ontario, or any other province, could pay a penalty of $2,000 a day and continue very long in business.

I think the honourable gentleman's enthusiasm to have the Lord's Day respected has led him to some rather peculiar conclusions. In committee the other day he said that to a certain company—I am not sure that it was located at Three Rivers, but I assume so—it was worth $15,000 a day to run its factory on Sunday. Let me repeat what I said at that time: if it was worth $15,000 to operate the factory every day of the week, it would manifestly be worth while to keep it in operation every day of the year. If we multiply $15,000 by 365, we get a return for the year of nearly $5,500,000. I hope we have companies in Canada making money on that large scale—but I doubt it.

I do not take off my hat to any person, in this House or outside, as to due observance of the Sabbath.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. GORDON: Though a comparatively small employer of labour, I have never, except in an extreme emergency, asked a man to work on Sunday, and I have never worked myself on that day. I hope to see everyone trying his best to observe the Sabbath.

I think this Bill was sent over to us from another place for the purpose of having us amend it properly. If we restored the Bill to its original form, and it became law, then I think unparalleled harm and injury would result to many respectable working men, for undoubtedly occasions would arise when through no fault of their own they would be compelled to violate the law and thus unwillingly render themselves liable to imprisonment. I submit that the Bill as now amended will effectually deter any decent company from operating on the Sabbath. I am glad to say that the directorates and managers of the majority of the companies with whose operations I am familiar are men who would consider it a disgrace to be fined even the minimum amount, and certainly they would not tolerate any infraction of the law just because by doing so and paying fines they could make a little more money for their company.

Hon. Mr. MURDOCK: Am I right in assuming that it is not proposed to increase the fine at all for a first offence?

Hon. Mr. GORDON: I think the fine for the first offence is the same as in the original Act.

Hon. Mr. MURDOCK: And for the second and third offences the maximum fines are $1,000 and $2,000, but the minimum fines are $100 and $200?

Hon. Mr. GORDON: Yes.

Hon. J. A. CALDER: Honourable members, I must confess I have some difficulty in understanding the differences between us. I am not sure of my ground at all, because I am not a member of the Banking and Commerce Committee and did not hear the Bill discussed in committee.

There are two kinds of work spoken of: everyday and emergency. As I listened to my honourable friend across the way (Hon. Mr. Bourgeois) I could not but think he was complaining that the company to which he referred carried on ordinary work on Sunday. Well, if throughout Canada all sorts of companies are carrying on ordinary work on Sunday, then the practice should be stopped.

Hon. Mr. CASGRAIN: I do not want to interrupt the honourable gentleman, but may I remind him that certain industries, such, for example, as sugar refineries, have to operate continuously.

Hon. Mr. CALDER: That is not ordinary work. I recall what was said by my honourable friend to the left (Hon. Mr. Smith) with respect to the canning industry. The work is carried on every weekday, and yet a condition may arise that makes it necessary to can fruit and vegetables on Sunday. I am not speaking of such industries. I am dealing with Sunday work in lumber mills,

steel plants, and similar industries. I say that if work which is done on Sunday is not emergency work in any sense of the term, Parliament should stop it.

Hon. Mr. CASGRAIN: Yes.

Hon. Mr. CALDER: On the other hand, if we are dealing with emergency work, I think the argument of the right honourable gentleman who sits to my left (Right Hon. Mr. Meighen) is absolutely sound. Emergencies in business arise all over the country, and I think Parliament would be going too far in imposing penalties on directors or individuals for dealing with those emergencies on Sunday. So if in this Bill we are dealing with such emergency situations, I have no hesitation as to how I shall vote.

Hon. Mr. CASGRAIN: I suppose you would not put out a fire on Sunday, for instance.

Hon. Mr. CALDER: I would.

Hon. Mr. CASGRAIN: Could you go to work and put out a fire on Sunday?

Hon. Mr. CALDER: I would try to.

Hon. Mr. CASGRAIN: There are many industries which call for a continuous process. Sugar refining is one, and the making of cement is another. As the honourable gentleman knows, in the manufacture of cement operations cannot be stopped on Sunday, because the machinery would cool off and days would be wasted in getting started again. It takes twenty-four hours to raise steam on an ordinary man-of-war, and if it is done in twelve hours the ship will be endangered. A man did it once, and was fired from the naval service for doing it.

Sugar refining and the manufacture of cement are only two instances. There must be many others in which operations must be continuous. If anybody can tell me how this necessity can be avoided, I should like to know the way. I do not see anybody getting up to tell me how it can be done, even the honourable member from Shawinigan (Hon. Mr. Bourgeois); so there must be some reason for carrying on a continuous process. The manufacture of nickel at Sudbury, for instance, is a continuous process which cannot be stopped.

Some Hon. SENATORS: Question!

Hon. P. E. BLONDIN: Honourable senators, this proposed amendment takes me somewhat by surprise; I did not expect it; and I do not want to cast a silent vote upon it. Having had some experience, and a personal connection, with companies at St. Maurice, Shawinigan and Three Rivers, I may say that I have the greatest respect for the directors of the companies there, and the men in direct charge of the work. I think I am in a position to appreciate what those companies have meant to the people in the neighbourhoods surrounding them, and to the whole province of Quebec. I cannot imagine any case in which Sunday operations have been carried on by those companies unless there was dire necessity. If we were discussing what penalties should be imposed upon people of criminal intent, or people who openly flaunt the law without reason, I should be of the opinion of the poet:

> Il faut des châtiments dont l'univers frémisse.
> Qu'on tremble en comparant l'offense et le supplice.

But we are dealing with companies composed of prominent and respectable men, and not with any one case in which they are charged with infringing the law without necessity.

For this reason—and I could give many others—I shall certainly vote against the amendment. In my opinion the fines imposed are under all the circumstances quite sufficient.

Hon. L. COTE: Honourable senators, I would move a sub-amendment. It was proposed and carried in committee when we were considering the original Bill; and, should the main amendment carry, this should certainly go with it.

Right Hon. Mr. MEIGHEN: Will the honourable gentleman permit me? I rise to a point of order. I do not think the amendment is in order. Personally I would rather have it voted on, because I do not like an amendment to be ruled out on anything approaching a technicality. Nevertheless we must have some regard to principles and rules. The House has adopted the report of the committee, which made a specific and definite amendment to the Bill. Now, on the motion for third reading, an amendment is moved that would exactly reverse the action of the committee, which has been approved by the House. I submit that such an amendment cannot be made on the third reading.

Hon. Mr. COTE: The right honourable gentleman is not referring to the sub-amendment. If the amendment is in order, the sub-amendment would be in order too.

Hon. Mr. MURDOCK: I am almost positive that on several occasions in this House an amendment has been made on the third reading in terms somewhat like the terms of the amendment now before us.

Right Hon. Mr. MEIGHEN: An amendment may be made on the motion for third reading, but the House cannot on third reading directly reverse a decision previously arrived at by the adoption of a report.

Hon. Mr. HAIG: Honourable senators, I think the point of order is well taken, but I submit that the honourable member (Hon. Mr. Bourgeois) would be in order if he moved that the Bill be not now read a third time, but be referred back to the committee. If His Honour the Speaker intends to rule out the amendment, I suggest that the honourable member move that the Bill be referred back to the committee for further consideration.

Hon. Mr. BOURGEOIS: Honourable senators, I cannot see any reason why the motion in amendment should be made in the way suggested by my honourable colleague the junior member from Winnipeg (Hon. Mr. Haig). There is no doubt that an amendment can be moved on the motion for the third reading, and I see no reason why this amendment should not be made in the way in which I have made it. If the question is referred back to the committee, its decision, I presume, will be the same as before. I want to get the opinion of the House, and I have no other way of doing so than to move an amendment in the form of the one now before us.

Hon. Mr. MacARTHUR: I am not clear on this procedure.

Hon. Mr. LACASSE: Nobody is.

Hon. Mr. MacARTHUR: It is generally understood, I think, that a report from a committee is usually adopted as a matter of course. It is not like a message from the House of Commons. If the contention of the right honourable gentleman (Right Hon. Mr. Meighen) is correct, I cannot see why, as we have already adopted the report, the remedy suggested by the honourable the junior senator from Winnipeg (Hon. Mr. Haig) would not be as contradictory as the amendment proposed. Having adopted the report, can we send it back to the committee?

Hon. Mr. CASGRAIN: You can send it back.

Some Hon. SENATORS: Question!

The Hon. the SPEAKER: Honourable senators, a point of order has been raised. I would say, first, that section 14 has already been approved. The amendment now before us is to strike out section 14. So I do not think it is in order.

Rule 93 says:

> Important amendments may also be made to a private bill at its third reading, provided notice of the same in writing shall have been given on a previous day.

That would not preclude the honourable member (Hon. Mr. Bourgeois) from bringing up his amendment on a later day.

Then I would point out that Bourinot says, at page 318:

> It is laid down in the highest English authority that "when the House has agreed that certain words shall stand part of the question, it is irregular to propose any amendment to those words, as the decision of the House has already been pronounced in their favour, but this rule would not exclude an addition to the words if proposed at the proper time."

Then, on the following page:

> If the amendment be resolved in the affirmative, it will not be competent to move that it be struck out, in whole or in part.

I therefore rule that the amendment is not in order.

The question, honourable members, is now on the motion for the third reading of the Bill. Is it your pleasure, honourable members, to adopt the motion?

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

DIVORCE BILLS

FIRST READINGS

Hon. Mr. McMEANS, Chairman of the Committee on Divorce, presented the following Bills, which were severally read the first time:

Bill W1, an Act for the relief of Gerda Ellen Morrison.

Bill X1, an Act for the relief of Hilda Elsa Naeke Schneider.

Bill Y1, an Act for the relief of Margaret Robinson Mathieson Megee.

Bill Z1, an Act for the relief of Rachel Tencer Sillberberg.

Bill A2, an Act for the relief of George Brunet.

ONTARIO AND QUEBEC CONTRIBUTIONS TO DROUGHT RELIEF

INQUIRY

Hon. Mr. CASGRAIN: Before the House adjourns, may I say how sorry I am that I was not here when my inquiry was answered. I was engaged in a very important conversation with some of my colleagues about matters of public interest, and therefore could not be present. Now my leader hands me what I think is no answer at all to my inquiry. I asked:

1. What proportion will Ontario and Quebec pay of the $27,000,000 odd in the estimates of this year for the drought in the Northwest?
2. What will be the amount contributed by Ontario?
3. What will be the amount contributed by Quebec?

The answer made says they do not know anything about it.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. CASGRAIN: They must know something; so I will simply add the word "approximately" to the two questions.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. DANDURAND: Unfortunately my honourable friend did not get the whole answer. I added that, difficult as it would be to ascertain what customs duties had been collected in the respective provinces on goods going to other parts of the country, it would be equally or more difficult to find out what would accrue to the manufacturing industries and commercial businesses of Ontario and Quebec as a result of fine crops in the Western Provinces during the coming season.

Hon. Mr. CASGRAIN: My questions have nothing to do with the crops.

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

THE SENATE

Thursday, April 7, 1938.

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

Prayers and routine proceedings.

THE ROYAL ASSENT

The Hon. the SPEAKER informed the Senate that he had received a communication from the Assistant Secretary to the Governor General, acquainting him that Hon. Thibaudeau Rinfret, acting as Deputy of the Governor General, would proceed to the Senate Chamber this day at 5.30 p.m. for the purpose of giving the Royal Assent to certain bills.

CIVIL SERVICE BILL

THIRD READING

On motion of Hon. Mr. Lacasse, Bill 3, an Act to amend the Civil Service Act, was read the third time, and passed.

PRIVATE BILL

REPORT OF COMMITTEE

Hon. Mr. TANNER presented the report of the Standing Committee on Miscellaneous Private Bills on Bill L1, an Act to incorporate The Maritime Provinces General Insurance Company.

He said: Honourable members, I am directed to report this Bill without amendment. I might say that as occasionally some question arises on these insurance bills, the committee had the assistance of the Superintendent of Insurance and Parliamentary Counsel. They were both satisfied with the form of the Bill.

THIRD READING

On motion of Hon. Mr. Quinn, the Bill was read the third time, and passed.

LICENSING OF TRAWLERS

On the Orders of the Day:

Hon. FELIX P. QUINN: Honourable members, before the Orders of the Day are called, may I draw the attention of the leader of the Government to a telegram I have received, which reads as follows:

> In view imminent layoff remaining Lunenburg vessels fresh fishing from Halifax, urge immediate reconsideration by Government of trawler licensing. Their operation means unemployment large number men, loss to vessel owners and suppliers, and depressed prices for boat fishermen. Believe closer study evidence already before Fisheries Minister shows our request for cancellation trawler licences, especially at this season, is well founded. Respectfully urge you bring this matter before Senate and Government earliest possible date, lending it your support.
>
> Lawrence Allen,
> Secretary Fishermen's Federation
> Lunenburg Station 101.

May I say a few words in connection with this telegram? The matter of re-licensing the steam trawlers of Nova Scotia has caused a great deal of concern, particularly in the constituencies where the shore fishermen and the hook-and-line fishermen operate. Since the renewal of licences many protests have been made. Some other honourable members of the Senate have received communications similar to the one I have just read.

I may say that these trawler licences are renewed on the 1st of April each year, under an Order in Council now in effect, which reads:

> 1. A licence for a fishing vessel using an otter or other trawl of a similar nature, other than a small dragger operated by inshore fishermen, will not be granted, except under the following conditions:
>
> (a) That the applicant for such licence shall furnish the Minister of Fisheries with evidence that will satisfy the said Minister that he cannot 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 if the licence is granted the extent of his purchase of fresh fish from the said fishermen will not be adversely affected.

It is contended by the fishermen that we do not need the steam trawler, as the hook-and-line fishermen can furnish all the fish necessary to meet the demand, and just as cheaply.

This matter of licensing trawlers has been brought to the attention of the Government on many occasions. I recall that it was considered of such great importance and concern that the Government appointed a royal commission headed by the present Chief Justice of the Exchequer Court, the Honourable A. K. Maclean, who at one time represented in the other House the constituency of Halifax, which I have the honour to represent here. That commission reported against the operation of the steam trawler, and in the report Mr. Justice Maclean made the statement:

> Steam trawlers should be used only for the purpose of taking up the slack, and the fishermen should have just consideration at all times.

Subsequently the Price Spreads Commission, with which honourable senators are familiar, made an extensive inquiry into the condition of the fishermen, particularly those of the Maritime Provinces. It also reported against the operation of the steam trawler.

Then again the Nova Scotia Government considered the matter of such serious importance that it appointed another royal commission, known as the Jones Commission. That was headed by Professor Jones, a prominent professor in one of the universities in England. Another member was Mr. Alex. Johnston, who for many years was Deputy Minister of Marine and Fisheries, a man well qualified to investigate and report on the fishing industry. The third member was a gentleman from Toronto; I think his name is Ellis.

Now, there are three commissions which investigated the fishing industry, and all of which reported adversely to the trawler.

It is asserted that companies using trawlers do so for the purpose of keeping down the price to the fishermen, who have no interest in the trawler, and that the renewal of these trawler licences means unemployment amongst fishermen. The matter of unemployment has engaged the attention of the Government for the last few years, as is well known to all. The licensing of these trawlers will put a great many fishermen out of employment, and this means that the Government will have to provide them with relief.

I would respectfully urge upon the honourable leader of the Government in this House that he bring this matter to the attention of the Government with a view to having it reconsidered, so that something may be done to ameliorate the condition of the fishermen of Nova Scotia.

Hon. RAOUL DANDURAND: Honourable senators, I am sorry that the honourable gentleman did not notify me of his intention to raise this question in the Senate, and in consequence I am unable to give him any information on the matter. I think that in the other House the Government generally expects, except in the case of unusually pressing matters, to be informed somewhat in advance of the question to be dealt with, in order that it may be able to answer. I see that this telegram is dated the 3rd of April. It is now the 7th. All I can tell my honourable friend is that his remarks will be transmitted as soon as possible to the Minister of Fisheries, who will answer. I do not know by what means the answer will be made, as the House of Commons is adjourning for three weeks, but I am sure the Minister will communicate with my honourable friend by some means; perhaps through the press.

Hon. Mr. QUINN: May I say in explanation that it was just before noon to-day that I found a notice in my door informing me of this telegram.

Hon. Mr. COPP: The licence has already been issued.

Hon. Mr. QUINN: This asks for reconsideration.

Hon. Mr. McLENNAN: I should like to associate myself with what has been said by my honourable colleague from Halifax (Hon. Mr. Quinn).

COPYRIGHT BILL

CONSIDERATION OF REPORT OF COMMITTEE POSTPONED

On the Order:

Consideration of the report of the Standing Committee on Banking and Commerce with respect to Bill 12, an Act to amend the Copyright Amendment Act, 1931.

Hon. RAOUL DANDURAND: Honourable senators, in the absence of the honourable senator from Westmorland (Hon. Mr. Black) I would ask that this matter stand until the next sitting of the House.

Hon. J. T. HAIG: Honourable members, before this Order is allowed to stand I want to say that some of us would like to get action on this Bill as soon as possible. We do not want it to fall between two stools and not get over to the other House at all. I object strongly to this Order standing, unless there is a very good reason for it, because I am one of those who are giving the utmost possible support to the measure. I want the Government and the leader of the House to know that some of us from the Prairies believe that what is going on under the present Copyright Act is rank, unadulterated and wholesale robbery—legalized, I admit, but robbery just the same. What the Canadian Performing Right Society is doing is not in accordance with what should be the law of this country. But when we try to improve the law we are met with one delay after another. We were told a couple of days ago that the Department of Justice wanted to consider the Bill. The department knew that our committee was taking up this matter; so any opinion that departmental officials had should have been sent to us in committee. We have already had the opinion of our own counsel.

I want to say quite candidly that we in this House have no right to postpone action on this measure and thereby permit continuation of the system of legalized robbery that is going on. I am obliged to register my copyrights, but this Performing Right Society can get away without making registration. Former governments may have entered into a convention at Berne that extended the life of copyrights from twenty to fifty years, and we may be in honour bound to keep our treaty, but we certainly are not in honour bound to continue the present state of affairs in this country. The sooner our people know what is going on, and what delays this Bill has encountered, the better it will be. I repeat, I protest most strongly against any further postponement of this Order.

Hon. JAMES MURDOCK: Honourable senators, may I simply say "I too," with reference to the remarks that have just been made.

Hon. Mr. DANDURAND: Honourable senators, this Bill affects the standing of the country in a matter of international engagement. Canada has signed a convention which we must respect in all its details, for we do not wish to be branded as members of an inferior civilization. I have been notified by the Department of External Affairs of the receipt by it of representations that some amendments made in our committee are clearly in violation of the terms of the Berne and Rome conventions, and I have been asked to request the Senate to postpone consideration of these amendments to permit that department, in conjunction with the Department of Justice, to examine into the matter and report to us. I think that is a fair request.

My honourable friend from Winnipeg (Hon. Mr. Haig) says he wants the Bill put through as quickly as possible in order to curb the activities of the Performing Right Society, which collects dues from users of music and other copyrighted works. But surely if there is one branch of Parliament which should give slow and careful study to a matter of this kind, concerning our international relations, it is the Senate. No one would deny that one of the principal reasons for the existence of this Chamber is that it may prevent the hasty passage of legislation. As recently as the present session we have made important amendments to some measures which had been passed unanimously in another place, and other measures from there are still before our committees for further consideration. Only yesterday we gave third reading to the Lord's Day Bill, which we had changed so completely that the other House will hardly recognize it as a Bill which it sent over to us. It is our function to examine a measure like the one before us very carefully, in order to see whether it conforms with our obligations to other countries.

Hon. Mr. SHARPE: Were we not told in the committee by Mr. Biggar, counsel for the Performing Right Society, that our amendments did not affect the convention at all?

Hon. Mr. DANDURAND: No; Mr. O'Connor.

Hon. Mr. SHARPE: I think it was Mr. Biggar.

Hon. Mr. DANDURAND: I am not discussing the merits of the question. I am simply saying that I believe it is our duty to grant the request of the department which has to do with our outside relations and give it time to examine into this measure. My honourable friend from Winnipeg (Hon. Mr. Haig) thinks this Bill should be passed. Of course, Parliament will decide whether it shall be passed as it now reads, or be further amended. May I say to him that I feel sure we shall be here throughout the months of May and June; so there should be plenty of time for consideration by the other House of any amendments that we make. I believe, therefore, that I am justified in sug-

gesting that the present Order be allowed to stand during the Easter recess. Of course, when we receive the opinion of the departments we shall be quite free to reject it if we wish. And if certain amendments made here are accepted by the other House, it may become the duty of the Government to denounce the Berne Convention and free us from obligation under it.

Right Hon. ARTHUR MEIGHEN: Honourable senators, I have not had time to trace back with certainty to the exact day when this Bill, in its present form, was reported from the committee.

Hon. Mr. DANDURAND: The printed report of the committee's proceedings has been distributed.

Right Hon. Mr. MEIGHEN: I know. Speaking from memory, it seems to me the Bill was reported from the committee about ten days ago.

Hon. Mr. DANDURAND: Oh, no.

Hon. Mr. MURDOCK: It was read the second time on Thursday, March 3.

Right Hon. Mr. MEIGHEN: Yes. But it was reported long after that.

Hon. Mr. MURDOCK: The Clerk hands me the Minutes, which indicate that the amended Bill was reported to this Chamber on Monday, April 4.

Right Hon. Mr. MEIGHEN: That may be, but the Bill in its present form was reported from the committee before this week, I think. Certainly the Bill was not before the Banking and Commerce Committee later than the early part of last week.

Hon. Mr. DANDURAND: I think my right honourable friend is wrong. My recollection is that it was late on Thursday of last week when we completed the work on this Bill in committee, and that the committee's report was presented at the first sitting of the House thereafter; on Monday.

Right Hon. Mr. MEIGHEN: At all events, there has clearly been a week's delay.

Hon. Mr. DANDURAND: Not quite a week.

Right Hon. Mr. MEIGHEN: It is not unreasonable for the leader of the Government to ask us to take the greatest care to guard against violating any of our international obligations. No one will stand more firmly than I for compliance with obligations; not only international, but intra-national and all others. I know of nothing more revolting and more manifestly perilous than the growing disposition to flout obligations. But I ask: is the attitude of the leader of the Government towards the present subject quite right? The Bill which we are now requested to delay was carefully considered in committee. That committee had the advantage of the presence and opinion of our own Law Clerk, a very eminent counsel. I do not think we are bound, whether in the House itself or in committee, to accept advice of any department of Government as respects a matter of a legal character. In fact, I do not know that we are bound to accept any advice; but I think we are pursuing the regular course when we give first attention to our own Parliamentary Counsel, who is also counsel for our committees. If such is the case, we are under no obligation, even of the flimsiest moral character, to hold up a measure just because we get word from a department that it would like a delay to permit its officials to look into something. There is an additional reason for not heeding that request when a week goes by after it is made and the department is still not able to give us any ground for delay. Why does the Department of Justice need a week to advise as to harmony between a piece of legislation and a treaty?

Hon. Mr. DANDURAND: Will my right honourable friend allow me to interrupt?

Right Hon. Mr. MEIGHEN: I shall be through in a moment. Even if the department is reasonable in the time it is taking, I do not think its demand is at all reasonable. It seems to me it is going pretty far for a department to send word to the Senate of Canada requesting us to hold up our action until departmental officials are satisfied that what we are doing is within treaty obligations and in consonance with our duty to other countries. In a word, I submit that in this matter we should be guided by advice of our own Parliamentary Counsel. If, after we have acted with the greatest care and in the light of that advice, the Department of Justice considers that the Bill we send back to the House of Commons is not as it should be, this opinion will be communicated by the Government to that House for consideration.

Hon. Mr. DANDURAND: I have no right to speak again, but I would draw my right honourable friend's attention to this situation. Last Thursday afternoon the Senate adjourned until Monday evening of this week. The committee finished its work on this Bill on Thursday evening. The report of the committee could not have been presented to the

House before Monday evening, and I think it was presented then. On Tuesday morning I received a telephone call from the Department of External Affairs, and, as I was just going to a meeting of Council, I said I would stop on my way and see the Under-Secretary of State of that department. So it was within twenty-four hours that the Department of External Affairs communicated with me.

It is true the committee had at its elbow the Law Clerk of the Senate, but I recall that when he was asked whether that clause squared with the Berne Convention he replied, "Well, it is really a question of morals rather than of law, and I leave that to the committee."

The amendment proposed by the honourable the junior member from Winnipeg (Hon. Mr. Haig) seemed to me to run counter to the convention, and I thought it would be quite feasible for the Department of External Affairs and the Department of Justice to confer thereon. But in my letter to the Department of External Affairs I took good care to ask their legal expert to confer with our Law Clerk, who, I said, would advise him under what conditions the amendments were made, so that the policy involved in the Bill should be before the Department of Justice.

As both Chambers are about to adjourn for several weeks, I think we shall be taking the right course if we give the departments an opportunity of submitting their views to us. We need not accept those views, and in the circumstances we shall not have really delayed the Bill by taking this course.

DIVORCE BILLS

SECOND READINGS

On motion of Hon. Mr. Robinson (for Hon. Mr. McMeans, Chairman of the Committee on Divorce), the following Bills were severally read the second time:

Bill W1, an Act for the relief of Gerda Ellen Morrison.

Bill X1, an Act for the relief of Hilda Elsa Naeke Schneider.

Bill Y1, an Act for the relief of Margaret Robinson Mathieson Megee.

Bill Z1, an Act for the relief of Rachel Tencer Silberberg.

Bill A2, an Act for the relief of George Brunet.

THIRD READINGS

The Hon. the SPEAKER: When shall these Bills be read a third time?

Hon. Mr. ROBINSON: In view of the impending Easter adjournment I would move, with the leave of the Senate, that they be read a third time now.

The motion was agreed to, on division, and the Bills were read the third time, and passed.

EASTER ADJOURNMENT

Hon. Mr. DANDURAND: Honourable senators, I move that when the House adjourns this evening it stand adjourned until Tuesday, the 3rd of May next, at 8 o'clock in the evening. I expect that in the same week we shall receive from the Commons nothing more than a money bill. At all events, the Senate will sit Tuesday evening.

The motion was agreed to.

The Senate adjourned during pleasure.

THE ROYAL ASSENT

The Honourable Thibaudeau Rinfret, the Deputy of the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Deputy of the Governor General was pleased to give the Royal Assent to the following Bills:

An Act to amend the Dominion Franchise Act.

An Act respecting the appointment of Auditors for National Railways.

An Act to authorize an Agreement between His Majesty the King and the Corporation of the City of Ottawa.

An Act to amend the Railway Act (Telephone Tolls).

An Act to amend the Opium and Narcotic Drug Act, 1929.

An Act to amend the Trans-Canada Air Lines Act, 1937.

An Act to amend Part V of the Canada Shipping Act, 1934 (Sick Mariners and Marine Hospitals).

An Act to amend the Winnipeg and St. Boniface Harbour Commissioners Act.

An Act to amend the Soldier Settlement Act.

An Act to amend the Penitentiary Act.

An Act to amend The Canada Grain Act.

An Act for the relief of Alice Cecile Pinder Hartt.

An Act for the relief of Ruby May Foster Ryder.

An Act for the relief of Ethel Sadie Davidson Case.

An Act for the relief of Ray Simon Stern.

An Act for the relief of Norma Adelaide MacKenzie Hird.

An Act for the relief of Mabel Marjorie Thompson Maynes.

An Act for the relief of Walter Edward Gorham.

An Act for the relief of Margaret Anne Eddie Bender.

An Act for the relief of Kathryn Chronis Briggs.

An Act for the relief of Vera May Levis Holloway.

An Act for the relief of Robert Andrew Young.
An Act for the relief of Mary Lorraine Ward Williamson.
An Act for the relief of Lyall Gibson Hodges.
An Act for the relief of Esther Lazarovitch Cohen.
An Act for the relief of Dorothy Reaves McMartin.
An Act for the relief of Mary Dorothy Picard Whitcombe.
An Act for the relief of Emil Kastus.
An Act for the relief of Eva Fleming Hislop.
An Act for the relief of Sigmund Oravec.
An Act for the relief of Robert Parry.
An Act for the relief of Nacha Ferszt Klajner, otherwise known as Nora Firstenfeld Klein.
An Act for the relief of Leonora May Howard.
An Act for the relief of Annie Elizabeth Climie Adams.
An Act for the relief of Margaret Alice Mizener.
An Act for the relief of Frances Dorothy Scott Skinner.
An Act for the relief of Esther Rotman Resnick.
An Act for the relief of Dorothy MacFie Safford Dale.
An Act for the relief of Alice Temple Jamieson Adair.
An Act for the relief of Gladys Kathleen Crook O'Sullivan.
An Act for the relief of Geraldine Estelle Bamford.
An Act for the relief of Charles Marie.
An Act for the relief of Rosamond Cheriton Stoyle MacDonald.
An Act respecting the Dominion Association of Chartered Accountants.
An Act to assist the Provinces of Alberta and Saskatchewan in financing the cost of seed and seeding operations for the crop year 1938.
An Act to amend the War Veterans' Allowance Act.
An Act to amend the Canada Evidence Act.
An Act to amend the Civil Service Act.
An Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1938.
An Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1939.

The Honourable the Deputy Governor General was pleased to retire.

The House of Commons withdrew.

The sitting was resumed.

The Senate adjourned until Tuesday, May 3, at 8 p.m. (daylight saving time).

THE SENATE

Tuesday, May 3, 1938.

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

Prayers and routine proceedings.

TRAINING SHIP "VENTURE"

INQUIRY

On the notice by Hon. Mr. Robicheau:

That he will inquire of the Government:

1. Was there a contract given by the Government for building the training ship "Venture"?
2. Where was it built?
3. Who had the contract for building same?
4. What was the contract price?
5. Were there any extras?
6. If so, what were they? Specify same.
7. What were the wages paid?
8. Was there an investigation held as to wages?
9. What did said investigation disclose?
10. Have any adjustments of wages been made? Give details.
11. Have the employees since been paid?
12. Are their wages protected?
13. If not, why not?

Hon. Mr. DANDURAND: I have the following answer to the honourable gentleman's inquiry:

1. Yes.
2. Meteghan, Nova Scotia.
3. Meteghan Shipbuilding Company, Limited.
4. $57,508.

5 and 6. Extras claimed by the contractor are now under consideration.

7. The contract provided that rates laid down by the Department of Labour were to be paid.

8, 9, 10, 11, 12 and 13. An investigation was held by the Department of Labour, whose report and recommendations are now under consideration.

Right Hon. Mr. MEIGHEN: The honourable senator from Digby-Clare (Hon. Mr. Robicheau) is not present. In his absence it would not be inappropriate to call the Government's attention to the fact that question No. 6, which specifically asked what the extras are, is not answered.

Hon. Mr. DANDURAND: The extras claimed by the contractor are now under consideration.

Right Hon. Mr. MEIGHEN: What are they?

Hon. Mr. DANDURAND: I shall try to have an answer to-morrow if the right honourable gentleman will put the question then.

Right Hon. Mr. MEIGHEN: That question is here.

Hon. Mr. DANDURAND: But the answer is not here. I shall try to have it for to-morrow.

The inquiry stands.

ONTARIO AND QUEBEC CONTRIBUTIONS TO DROUGHT RELIEF

INQUIRY

Hon. Mr. CASGRAIN inquired of the Government:

1. What approximate proportion will Ontario and Quebec pay of the twenty-seven millions odd in the estimates of this year for the drought in the Northwest?

2. What will be the approximate amount contributed by Ontario?

3. What will be the approximate amount contributed by Quebec?

Hon. Mr. DANDURAND: The honourable gentleman was not present when I answered this inquiry on April 6. If he has taken cognizance of it he will understand why the department has asked that the questions be dropped. However, I will repeat the answer which I gave to the inquiry in the first place:

The questions which the honourable senator asks should be dropped. It is impossible to tell what sums have been derived from the provinces of Ontario and Quebec in the fiscal year ended March 31, 1938. It is possible to ascertain sums collected at the customs houses and income tax offices in each province. Obviously, however, imports at cities like Montreal, Quebec, Saint John, Halifax, or other cities at the seaboard do not always show their destinations. Questions along this line which have been asked in times past have not produced results. The Dominion Bureau of Statistics has not been able to get the information. It is not a question which the Government could accurately answer, and an inaccurate answer would be worse than none at all.

It would also be as difficult to compute what return from that expenditure would be received by Ontario and Quebec, in the millions of dollars accruing to their manufacturing industries and commercial businesses, if the Western Provinces were blessed with a good crop this coming season.

Hon. Mr. CASGRAIN: May I say a few words? That is no answer at all. I did not ask anything about the manufacturing industries. I asked what approximate proportion Ontario and Quebec will pay of the twenty-seven millions odd in the estimates of this year for the drought in the Northwest, and what will be the approximate amount of the contribution by each of those provinces. If anybody can put the question more clearly than that, let him do it.

Hon. Mr. DANDURAND: I repeat part of the answer:

It is not a question which the Government could accurately answer, and an inaccurate answer would be worse than none at all.

TRAINING SHIP "VENTURE"

ORDER FOR RETURN

On the notice by Hon. Mr. Robicheau:

That he will move:

That an Order of the Senate do issue for a return setting forth:

Copy of all correspondence, including contracts, letters, telegrams, pay-rolls, tenders and reports in possession of the Government, relating to building and equipping the ship "Venture."

Hon. Mr. ASELTINE: In the absence of the honourable senator from Digby-Clare (Hon. Mr. Robicheau) I move this motion which stands in his name.

The motion was agreed to.

ROYAL CANADIAN MOUNTED POLICE BILL

FIRST READING

A message was received from the House of Commons with Bill 40, an Act to amend the Royal Canadian Mounted Police Act.

The Bill was read the first time.

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

Hon. Mr. DANDURAND: I would say to-morrow, with leave of the Senate, if my right honourable friend opposite (Right Hon. Mr. Meighen) is agreeable.

Right Hon. Mr. MEIGHEN: To-morrow will be all right. There is nothing much in the Bill.

Hon. Mr. DANDURAND: Then, with leave, I move that the Bill be placed on the Order Paper for second reading at the next sitting of the House.

The motion was agreed to.

NATIONAL BATTLEFIELDS (QUEBEC) BILL

FIRST READING

A message was received from the House of Commons with Bill 53, an Act respecting the National Battlefields at Quebec.

The Bill was read the first time.

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

Hon. Mr. DANDURAND: With leave of the Senate, I move that it be placed on the Order Paper for second reading at the next sitting of the House.

Right Hon. Mr. MEIGHEN: Honourable members, it is not usual to make any comment on the first reading, but perhaps I may be permitted to express the hope that to-morrow the Government will be able, possibly with the assistance of the honourable senator from Grandville (Hon. Sir Thomas Chapais), to give us some details of the proposed expenditure. I find it difficult to understand why the annual payment of $75,000 should have to be continued so long. The object of this Bill is simply to authorize a like expenditure for ten years more. This amount seems pretty large to me, and while the explanation may be quite acceptable, I should like to have it. None was given in the other House.

Hon. Mr. DANDURAND: I am glad the right honourable gentleman has called my attention to this. If the required information is among my papers it will be given to-morrow; if it is not there, I will see that it is obtained later.

Right Hon. Mr. MEIGHEN: The honourable senator from Grandville (Hon. Sir Thomas Chapais) is on the National Battlefields Commission.

The motion was agreed to.

CANADA-HAYTI TRADE AGREEMENT BILL

FIRST READING

A message was received from the House of Commons with Bill 79, an Act respecting a certain Trade Agreement between Canada and Hayti.

The Bill was read the first time.

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

Hon. Mr. DANDURAND: With leave of the Senate, I move that the Bill be placed on the Order Paper for second reading at the next sitting of the House.

Right Hon. Mr. MEIGHEN: I shall have to-morrow a question with regard to this Bill and also the one which I think is to follow, respecting the treaty with Guatemala. What I cannot understand is why these Bills are necessary at all. I am not referring to the fact that the trade is trifling; but we already have a treaty with each of these countries, and my reading on the subject shows that the present treaties are merely continuations of previous ones. Since a treaty remains in effect until nullified, why have we these Bills?

Hon. Mr. DANDURAND: I should be surprised to find that the object of these Bills is merely to continue agreements between Canada and the two countries. We are giving them most-favoured-nation treatment.

Right Hon. Mr. MEIGHEN: They have it now.

Hon. Mr. DANDURAND: I simply looked at the Bills to see what their purpose was.

Right Hon. Mr. MEIGHEN: I quote as follows:

> Mr. Bennett: To what extent does the proposed agreement modify existing commercial relations between our country and Hayti?
>
> Mr. Euler: Not at all. Really it is just a continuation of the old agreement.
>
> Mr. Bennett: I was not quite sure.
>
> Mr. Euler: That is so in both cases.

Hon. Mr. DANDURAND: According to the discussion in the other House, the reason for one of the treaties, if not for both, is that certain restrictions might be directed against our exports if no regular agreement were made.

The motion was agreed to.

CANADA-GUATEMALA TRADE AGREEMENT BILL

FIRST READING

A message was received from the House of Commons with Bill 80, an Act respecting a certain Trade Agreement between Canada and Guatemala.

The Bill was read the first time.

On motion of Hon. Mr. Dandurand, with the leave of the Senate, the Bill was placed on the Order Paper for second reading at the next sitting of the House.

CANADIAN AND BRITISH INSURANCE COMPANIES BILL

FIRST READING

A message was received from the House of Commons with Bill 81, an Act to amend The Canadian and British Insurance Companies Act, 1932.

The Bill was read the first time.

On motion of Hon. Mr. Dandurand, with the leave of the Senate, the Bill was placed on the Order Paper for second reading at the next sitting of the House.

DEBATES AND REPORTING

REPORT REFERRED TO INTERNAL ECONOMY COMMITTEE

On the Order:

Consideration of the third report of the Standing Committee on Debates and Reporting.

Hon. Mr. DANDURAND: I understand that this report recommends an expenditure of money. As expenditure is controlled by the Committee on Internal Economy, I move that the Order be discharged and that the report be referred to the Standing Committee on Internal Economy.

The motion was agreed to.

COPYRIGHT BILL

REFERRED BACK TO COMMITTEE

On the Order:

Consideration of the amendments made by the Standing Committee on Banking and Commerce to Bill 12, an Act to amend the Copyright Amendment Act, 1931.

Hon. RAOUL DANDURAND: Honourable senators who were present at our last sitting will remember that I then asked that consideration of the report be postponed in order to allow a study of the Bill from the international angle, as it was alleged that it contravened the terms of the Berne Convention of 1886 as revised at Rome in 1928. I have before me a letter from the Office of the High Commissioner for the United Kingdom advancing the opinion that one of the clauses may be inconsistent with that convention. I have also letters from the German Government and the French Government to the same effect. The Department of External Affairs has studied these representations, and I have its report, together with an opinion from the Department of Justice that one of the clauses of the Bill can hardly be defended in the light of our international obligations.

Besides, I have a letter from Mr. Gladstone Murray, of the Canadian Broadcasting Corporation, making representations from another angle. It is as follows:

> Re Bill No. 12, An act to amend The Copyright Amendment Act, 1931, and the Copyright Act.

When the above-mentioned Bill was passed by the House of Commons there was nothing in it of direct concern to the Canadian Broadcasting Corporation nor to broadcasting stations in general, and we were not interested in it. In the Senate Committee on Banking and Commerce, however, it was proposed to add to section 10-B of the Act a subsection to read as follows:

"(6a) In respect of public performances by means of any radio receiving set or gramophone in any place other than a theatre which is ordinarily and regularly used for entertainments to which an admission charge is made or in a ship, no fees, charges or royalties shall be collectable from the owner or user of the radio receiving set or gramophone, but the Copyright Appeal Board, shall, so far as possible, provide for the collection in advance from radio broadcasting stations or gramophone manufacturers, as the case may be, of fees, charges and royalties appropriate to the new conditions produced by the provisions of this subsection and shall fix the amount of the same. In so doing the Board shall take into account all expenses of collection and other outlays, if any, saved or saveable by, for or on behalf of the owner of the copyright or performing right concerned or his agents, in consequence of the provisions of this subsection".

This would have the effect of transferring to broadcasting stations liability for the payment of royalties for performances which have been always regarded by the courts as separate and distinct from performances for which the broadcasting stations pay royalties. In other words, the amendment proposed would have the effect of making broadcasting stations liable to pay not only the amount they have to pay to-day for the use of copyright music, but also the amount which other people have to pay for their separate use of that music. It is like placing on the Corporation, without its knowledge or consent, responsibility for the rent of a building occupied by some person with whom it has nothing whatever to do.

In addition, the proposed amendment constitutes an important departure from the principles laid down in the Parker Report. You may recall that in order to deal with the highly unsatisfactory situation regarding performing rights, Judge Parker was appointed as a royal commission to look into the whole matter and in 1935 he sat for 37 days, heard 136 witnesses and had the assistance of numerous counsel. His report laid down the basis for charges on the various users of music and it resulted in an amendment to the Act providing for the Copyright Appeal Board. That Board has now sat during two years and it has fixed the licence fee payable by broadcasting stations in accordance with the principles of the report. The proposal mentioned would change the basis which was established and which has been reasonably fair.

For these reasons it is obvious that if the proposed amendment is allowed to go through it will react to the great disadvantage of the Corporation and of broadcasting stations in general. In the circumstances, I should greatly appreciate whatever advice and assistance in connection with this matter you can give.

I have representations from other parties, but I think this letter fully justifies my moving that the Order be discharged and that the Bill be referred back to the Standing Committee on Banking and Commerce for further consideration.

Hon. Mr. HAIG: Were the representations from Germany, France and Great Britain made on the Bill as it passed the House of Commons or as it came back from our Committee on Banking and Commerce?

Hon. Mr. DANDURAND: I think this first paragraph of the letter from the Office of the High Commissioner for the United Kingdom covers my honourable friend's question. The letter is dated April 30, 1938, and the first paragraph reads:

I am directed by the High Commissioner in Canada for His Majesty's Government in the United Kingdom to invite reference to the correspondence at present terminating with your letter No. 2 of the 28th February regarding questions arising out of the Bill for an Act to amend the Copyright Amending Act, 1931, which is now before the Parliament of Canada. The appropriate departments of the Government of the United Kingdom have now had an opportunity of considering the text of this Bill as proposed to be amended by the Standing Committee of the Senate on Banking and Commerce, and as the result of this perusal they desire to offer the following observations.

Hon. CREELMAN MacARTHUR: Honourable members, in the letter from Mr. Gladstone Murray, which the honourable leader of the House has just read, reference is made to the Parker Report. One of the witnesses who appeared at the inquiry, Mr. Mills, the American director of the Performing Right Society, testified that the expenses of collecting were three or four times more than the revenue from the licence fees. In view of this I do not see why the broadcasting stations should have any fear of being penalized.

I may say that I received a communication from the proprietor of Station CHGS in my home town expressing his concern with respect to the Bill. I took the matter up with Mr. Esling, its promoter, and from what he told me I think the broadcasting stations need be under no apprehension. Of course, it is essential that they be accorded fair treatment. If there is to be no licence fee paid by any place other than a theatre, I hope the amendment will be so drafted as fully to protect the broadcasting stations.

The motion was agreed to.

POST OFFICE BILL (NEWSPAPER OWNERSHIP)

MESSAGE FROM THE HOUSE OF COMMONS

The Hon. the SPEAKER: I desire to direct the attention of honourable members to a message which was received from the House of Commons on March 16 last with Bill 20, an Act to amend the Post Office Act (Newspaper Ownership). This is a public Bill sponsored by a private member in another place. If any honourable senator desires to sponsor the Bill here, I shall read the message now or at another sitting of the House.

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

THE SENATE

Wednesday, May 4, 1938.

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

Prayers and routine proceedings.

DIVORCE AND MATRIMONIAL CAUSES BILL

REPORT OF COMMITTEE

Hon. C. E. TANNER presented the report of the Special Committee on Bill B, an Act respecting Divorce and Matrimonial Causes, and moved that it be placed on the Order Paper for consideration at the next sitting of the House.

He said: Honourable senators, in presenting this report I might explain that three principal amendments are recommended. One defines cruelty, which is a ground for divorce provided by the Bill. The definition reads as follows:

"Cruelty" means legal cruelty, as interpreted and construed by the High Court of England in divorce and matrimonial causes.

That is a new clause.

By way of another amendment it is proposed to strike out clause 5, which provided that no petition for divorce could be presented until after the expiration of three years from the date of marriage. This clause, we understand, would conflict with the divorce law as now administered in several of the provinces.

The other amendment relates to desertion. In the Bill as originally presented desertion for three years constituted a ground for divorce. The committee now recommends a period of six years instead of three.

There are several consequential amendments having to do with re-numbering of the clauses, but the amendments I have dealt with represent the principal changes which the committee now recommends.

I move that the report be set down for consideration at the next sitting of the House.

Hon. JOHN T. HAIG: Honourable senators, I desire to ask the mover of the motion two or three questions. First, does the striking out of clause 5 imply that if a marriage took place, say, on the 1st of January, 1938, and this Bill became law, a petition for divorce could be filed on the 2nd of July?

As I understand, in the debate on a similar Bill in the British Parliament, especially in the House of Lords, the Lords Spiritual refused to withdraw their opposition unless a three-

year proviso was inserted. By striking out clause 5, do we withdraw the basis on which the Bishops agreed to the passing of the British Bill?

This is my third question: Does the Bill contain a clause of this character? A marriage is not invalid merely because the woman is a sister of the deceased wife of the man, or a daughter of a sister of the deceased wife of the man. A marriage is not invalid merely because the man is a brother of the deceased husband of the woman, or a son of such brother. As I understand, these sections are to be omitted. I think they should be in the Bill.

I should have liked to speak in the committee this morning, but I was refused that right.

Some Hon. SENATORS: No.

Hon. Mr. HAIG: Oh, yes. I rose to discuss amendments to the Bill, and at once an honourable member objected to my speaking and asked, "Is the honourable gentleman a member of this committee?" The chairman said, "No." This indicated to me that I was not wanted in the committee at all. The chairman refused to protect me: he did not ask the honourable member who objected to sit down. Then the honourable member who objected to my presence immediately made an effort to have me prohibited from speaking on the Bill before the committee.

An Hon. SENATOR: No.

Hon. Mr. HAIG: My honourable friend says "No." But if you are kicked in the face you do not turn round to be kicked somewhere else; you walk out.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. HAIG: Two years ago the honourable leader of this House (Hon. Mr. Dandurand) assured me, as did the right honourable member from Eganville (Right Hon. Mr. Graham) that a member of this House could take part in the deliberations of any standing committee, though he could not vote unless he was a member of the committee. Yet this morning I was positively insulted by the honourable member from Leeds (Hon. Mr. Hardy), and I was not protected by the chairman of the committee, who has just read this report (Hon. Mr. Tanner). I had intended to rise to a question of privilege, but I will deal with the matter now on the motion for consideration of the report.

I do not think the Bill as amended is satisfactory. I do not think clause 5 should be struck out at all, for I am persuaded that the church-going people of Canada are determined to give every marriage a fair trial. If this Bill were enacted without clause 5, divorce proceedings could be started within two weeks of marriage. I am convinced that no one with any respect for the family traditions of this country would be in favour of such a condition of affairs. I do not believe that the Bill would be accepted in another place without clause 5. I think the clause should be retained.

Hon. Mr. MURDOCK: It is not the law now.

Hon. Mr. HAIG: That may be; but I want it to be the law, because this Bill makes several radical changes in our divorce law.

Hon. Mr. MURDOCK: There is nothing equivalent to clause 5 in any of the divorce laws of Canada.

Hon. Mr. HAIG: Quite true. To-day there is only one ground for divorce in this country, and it is embodied in this Bill in paragraph (a) of subsection 1 of section 6. If we are to extend the grounds for divorce, which is the purpose of this Bill, I think we should retain clause 5. It is no argument to say that because provincial laws do not contain a clause similar to clause 5 we should not enact it. I am interested in this subject as a lawyer. It comes up in our practice every day. It is only within the last twenty years that the Manitoba courts have been granting divorces. True, the province always had the power, but did not know of its existence until Walker vs. Walker was decided.

I think that when a member of this House goes before any of our standing committees he should be protected by the chairman, and no committee member should impliedly object by asking, "Is this gentleman a member of our committee?" I may be told that I was not asked to withdraw, but I submit the very question was equivalent to a request for withdrawal. I protest most vehemently against such procedure. Even if members of a committee do not agree with a senator who may desire to address it, he should be allowed to proceed. The only alternative for him is to insist that every Bill be discussed in Committee of the Whole. It is a rule of the Senate, and a good one, though frequently ignored, that in the House a member may speak only once on the main motion. As I have already said, it has been the practice to allow a senator not a member of a committee to attend its meetings and take part in its discussions, but not to vote. Obviously a non-member of the committee should not be subject to such an insult as that of which

I complain. I suggest that if this Bill comes up again it go to Committee of the Whole, so that this matter may be fully discussed.

Hon. A. C. HARDY: Honourable senators, as the honourable the junior member from Winnipeg (Hon. Mr. Haig) has mentioned my name, I would say that he is labouring under a complete misapprehension as to the facts, and therefore is not able to state them fully.

I attended the meeting referred to of the Special Committee on Divorce, though I am not a member of that committee. Instead of my insulting the honourable senator—and I can assure him that I never had the slightest intention of doing so— the facts are to the contrary. While the honourable senator was speaking the senior member from Winnipeg (Hon. Mr. McMeans) interrupted in a very proper and very gentlemanly way to make a correction, as is usual. My honourable friend complains of having been insulted. The insult was in the tone which he used towards his senior colleague. It was then I either said he was not a member of the committee or I asked if he was a member. When someone said "No." I expressed the opinion that members of the committee should have a little more deference paid to them than the honourable junior senator from Winnipeg was according to the senior member from that city. If there was any insult at all, it came entirely from the honourable junior senator from Winnipeg; certainly not from myself. But if he thinks I insulted him, let me say that I am only too glad to make amends now. I had no intention whatever of insulting him, and I still maintain that I was not guilty of such discourtesy. The senior gentleman from Winnipeg is one of the older members of this House, and had been sitting here for many years before the junior member was ever heard of. I submit that it was not proper conduct on the part of an honourable senator, not a member of that committee, to address one of the senior members in the tone adopted by the junior member this morning. That is the only reason I spoke as I did on that occasion.

But the honourable junior member, not satisfied with what took place before that committee, brought the matter up in the Railway Committee later on this morning. He got his committees so badly mixed that for the time being he did not know just where he sat. He attends nearly every committee of this House, and usually takes up more time than any committee member ever does.

Hon. CREELMAN MacARTHUR: Honourable senators, on this question we may not all be in order. I do not think I am.

Right Hon. Mr. GRAHAM: I do not think any of you are.

Hon. Mr. MacARTHUR: But with the indulgence of the House I should like to say a few words on this committee business. I have been a member of the Finance Committee for twelve years, but I cannot recall a single subject that has ever been referred to it. Certainly it has never had occasion to make a report. I suggested to the honourable leader of the House (Hon. Mr. Dandurand) that he have the committee dissolved. I for one should like to have some work to do, and I know there are many others on both sides of His Honour the Speaker who feel as I do. Some years ago a special committee was constituted to investigate the Auditor General's report. It was to be a new departure and great results were expected. I do not think the committee ever met. As I have already indicated, the Finance Committee has been ignored. Members of the Brain Trust are generally elected to all the committees. Even the newspapers name a few men here who do all the Senate work. Now we have a special Railway Committee in operation. Much of the railway business to be investigated is, I understand, of a financial character. Our Finance Committee is not recognized, neither is our regular Railway Committee. We have twenty members, of whom nine are lawyers, yet we engage a super-lawyer at $100 a day, with extras. Where are we landing? We all know the economic condition of the country. I appreciate, as do many persons outside, the wonderful work of the Senate. But we can do still better work. I should like to see members of our various committees elected on a different and better basis. I remember the occasion when the late Senator Wilson complained of the way our committees are constituted. The right honourable gentleman who was then leading the House (Right Hon. Mr. Meighen) made an explanation, which was not correct, for the then leader of the Opposition (Hon. Mr. Dandurand) corrected him and stated the modus operandi of appointments to our various select committees. I refuse any longer to be a bump on the log, or a rubber-stamp. Either I am going to do some committee work or I will have nothing whatever to do with our committees.

Hon. RAOUL DANDURAND: Honourable members, I have been wondering what is before the House.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. DANDURAND: I understand there is now before us a motion that the report be considered to-morrow. Upon that motion has been raised a question of privilege, so to speak, as to what took place in the committee. I recognize that we are somewhat lax in our observance of the rules, and I would suggest that at the beginning of every session, at least, we should make a point of studying them. The present discussion only goes to show that the procedure in this House is quite different from that in the other House. We have got along so nicely together that I have seldom seen any honourable member looking up the rules. I confess it was different when I came into this Chamber in 1898. I can still see three or four members who at that time were very keen on the observance of the rules and who every session rose to lay down the law.

Now, I suppose, the discussion of what took place in the committee is ended. My honourable friend from Prince (Hon. Mr. MacArthur) took advantage of this free-for-all to discuss the situation as to membership of committees. This is an interesting question, and one about which I think I know something. I shall endeavour to give my honourable friend (Hon. Mr. MacArthur), and others who have any complaints to make as to their standing in committees, an opportunity to discuss this situation before the end of the present session, so that we may prepare for the distribution of senators among the committees at the opening of next session. In the meantime I would ask that this motion be put. It calls for no discussion except as to the date when the report will be taken up.

Right Hon. Mr. MEIGHEN: Honourable members, the honourable the junior senator from Winnipeg (Hon. Mr. Haig) intimated, and it came to me as a surprise, that a senator, not a member of a committee, who ventured to address that committee did so on sufferance, not as of right. I have always understood otherwise, though I have not particularly studied the rules of this House. I see that rule 81 reads as follows:

> Senators, though not of the committee, are not excluded from coming in and speaking; but they must not vote. They sit behind those who are of the committee.

Consequently the right of the honourable senator (Hon. Mr. Haig) to address the committee is absolute, and he does not need to take a rebuke or any other word from anybody. His right to speak is just as ample as the right of a member of the committee.

Referring to the remark of the honourable senator from Prince (Hon. Mr. MacArthur) as to the selection of committees, inasmuch as his words revolve around the present motion, I call his attention to rule 83, which reads as follows:

> The senators to serve on a special committee may be nominated by the mover; but, if three senators so demand, they shall be selected as follows: Each senator shall vote openly for one senator to serve as a member of such committee, and those senators for whom the largest number of votes are given shall constitute the committee.

Usually, the motion for committee being passed, the committee is selected by the leaders, after consultation, of course, with their respective followers; but under the rule that cannot be done if any three members object.

Hon. Mr. DANDURAND: That is the rule as to the appointment of a special committee.

Right Hon. Mr. MEIGHEN: Yes. Standing committees are nominated by the Committee of Selection, which is appointed by the whole House; but in the case of any special committee any three members can insist that a vote be taken.

Hon. Mr. MacARTHUR: Has that ever been done?

Right Hon. Mr. MEIGHEN: No, because three members have not insisted. A more democratic method could not be devised. I do not think there is any such rule in the House of Commons, but in this democratic Chamber it seems to be supreme, though sometimes ignored.

I am quite agreeable, of course, to the motion being carried.

Hon. Mr HAIG: Let me ask a question. Do I understand the rule to be, then, that we cannot speak on this motion? I thought it was a motion for the adoption of the report, and that I could speak on it. I want to know because the honourable leader of the Government (Hon. Mr. Dandurand) suggested I was out of order.

Right Hon. Mr. MEIGHEN: You are quite in order, I think.

Hon. Mr. DANDURAND: I would point out that the motion is limited to the fixing of a date for taking the report into consideration. My honourable friend rose and discussed a personal matter which he could perhaps have raised as a question of privilege. I did not mean to contest his right to raise

that question, but I think the present discussion should be confined to the subject-matter of the motion.

Hon. Mr. MacARTHUR: I must make myself right with the House. I said that I knew I was out of order. I took advantage of the opening made by the honourable the junior senator from Winnipeg (Hon. Mr. Haig) in talking about this committee, for I did not want to raise the subject as a question of privilege. Furthermore, I asked the consent of the House. So I do not think I should be criticized very much for being out of order.

The motion was agreed to.

TRAINING SHIP "VENTURE"

INQUIRY

On the Orders of the Day:

Hon. Mr. DANDURAND: Honourable senators, yesterday I answered some questions which were placed on the Order Paper by the honourable senator from Digby-Clare (Hon. Mr. Robicheau). My right honourable friend who leads the other side (Right Hon. Mr. Meighen) called my attention to the fact that the inquiry was not answered in its entirety. I now have information to make the answer complete. It is as follows:

With reference to the Debates of the Senate, No. 24, page 273, I have the honour to forward the following reply to the inquiry by the Honourable Senator Robicheau in regard to the Training Ship "Venture":

"5. Were there any extras?

6. If so, what were they? Specify them."

5 and 6. The contractor submitted a detailed claim for "extras," totalling $36,616.06, but the question as to whether any "extras" will be allowed, and, if so, to what extent and in what amount, is still under consideration by the Department of National Defence.

(Signed) L. R. LaFleche,
Deputy Minister.

NATIONAL BATTLEFIELDS (QUEBEC) BILL

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 53, an Act respecting the National Battlefields at Quebec.

He said: Honourable senators, the object of this Bill is the continuation of the payment of $75,000 a year which has been made for a number of years to the National Battlefields Commission at Quebec. The authorization for this payment expired on the first day of April last, and it is now suggested that the payment should be continued for another ten years.

My right honourable friend has asked me for some justification of this measure. I have received the following explanation from the Department of Defence:

The National Battlefields Commission was constituted in 1908 by Act of Parliament. The object was to preserve the battlefields of Quebec.

The Commissioners were empowered to acquire land and to receive and expend moneys, whether appropriated by Parliament or contributed by individuals. The Minister of Finance was authorized to pay from the Consolidated Revenue Fund the sum of $300,000 for the purposes set forth in the Act. This grant, together with amounts received from public subscription, was sufficient to meet all charges up to and including the fiscal year 1911-12. For the fiscal years 1912-13 up to and including 1927-28, the amounts required by the Commission were voted annually by Parliament.

By Chapter 36 of the Statutes of Canada, 1928, section 8 of the above mentioned Act was repealed and a new section was substituted therefor. The new section 8 authorized the Minister of Finance to pay out of the Consolidated Revenue Fund to the Commission the sum of $75,000 a year for a period not exceeding ten years. This authority expired March 31, 1938.

The Bill entitled "An Act to amend an Act respecting the National Battlefields at Quebec," as passed by the House of Commons, provides for the payment to the Commission of $75,000 a year for a further period not exceeding ten years from April 1, 1938.

The annual grants to the Commission have been as follows:

Voted	
1912-13	$116,500
1913-14	145,000
1914-15	143,000
1915-16	118,400
1916-17	34,160
1917-18	52,100
1918-19	35,950
1919-20	36,450
1920-21	41,450
1921-22	51,600
1922-23	42,000
1923-24	41,600
1924-25	47,000
1925-26	49,000
1926-27	48,800
1927-28	75,000
Statutory	
1928-29	75,000
1929-30	75,000
1930-31	75,000
1931-32	75,000
1932-33	70,900
1933-34	70,900
1934-35	70,900
1935-36	72,950
1936-37	72,950
1937-38	75,000

In addition to the yearly grant to the National Battlefields Commission, there has been expenditure of a special nature for unemployment relief, as follows:

Fiscal year 1931-32—Expenditure of $24,809.05 under the 1931 Relief Act for work at Cove Fields and the exploitation of the Corrigan Quarry.

Fiscal year 1936-37—Expenditure of $74,124.18 under item in Special Supplementary Estimates for work at Cove Fields.

Fiscal year 1937-38—An item of $100,000 in the Special Supplementary Estimates for work at Cove Fields.

The National Battlefields Commission, created in 1908 by statute, was established for the purposes of "acquiring and preserving the great historic battlefields at Quebec, and restoring so far as possible their principal features so as to make them a Canadian National Park."

It was provided that five commissioners should be appointed by the Governor in Council, and, moreover, that any province which subscribed at least one hundred thousand dollars should be entitled to appoint one commissioner. In 1914, the number of commissioners to be appointed by the Governor in Council was raised from five to seven.

Vacancies have been created on the Commission owing to the decease of the following: Robert Bickerdike, M.P., Montreal; Sir Edmund Walker, Toronto; Sir Arthur Doughty, Ottawa, and Hon. A. Turgeon, Quebec. The following gentlemen have to-day been appointed to fill these vacancies: Lt.-Colonel Oscar Gilbert, Quebec; Lt.-Colonel William Wood, Quebec; Mr. James Francis Kenney, of Ottawa, and Professor George Mackinnon Wrong, Toronto.

The Commission with its complete personnel will now be composed of the following: Sir George Garneau, of Quebec, Chairman; Hon. Sir Thomas Chapais, of Quebec; Dr. N. A. Dussault, of Quebec; Lt.-Colonel Oscar Gilbert, of Quebec; Lt.-Colonel William Wood, of Quebec; Mr. James Francis Kenney, of Ottawa; Professor George Mackinnon Wrong, of Toronto; Hon. L. A. Taschereau, of Quebec, appointed by the province of Quebec, and Lt.-Colonel William H. Price, of Toronto, appointed by the province of Ontario. All the members, including Sir George Garneau, Chairman, serve without remuneration. The Secretary is Mr. L. Pacaud.

Whilst at the inception of the work of the Commission contributions and subscriptions were received from other sources, for several years past the entire cost has been borne by the Dominion Government.

I see that on January 29 Sir George Garneau, Chairman of the Commission, wrote to the Minister of Finance requesting that the annual vote be increased to $100,000, but the Minister did not find it opportune to grant this request. The memorandum goes on:

> The reason for a statutory vote running over a period of ten years is that a commission of this type, just like the Federal District Commission, needs to plan its work over a period of years and can carry out its work more economically if it knows that a definite amount of money is to be provided by Parliament over a period of years. This is the arrangement which has been in effect for the last ten years, and as it has worked out successfully it is being renewed by the present Bill.

Figures showing the expenditures of the National Battlefields Commission for the last few years are given in the following statement. These figures are taken from the Auditor General's reports.

I do not suppose I need read these figures, unless I am asked to do so, but in any event they will be placed on Hansard.

Fiscal year ended March 31	Quebec tercentenary account	Land account	Administration account	Construction account	Park maintenance account	Special account	Total
1933 ..	$424	$41,342	$7,120	$20,184	$42,069	....	$111,139
1934 ..	....	122	7,332	3,152	42,428	....	53,034
1935 ..	....	....	7,331	9,304	56,016	....	72,651
1936 ..	....	....	8,250	3,364	58,518	....	70,132
1937 ..	....	....	7,850	3,938	55,181	$74,136	141,105

The amount of $74,136 in the special account related to special work on Cove Field for which there was a special grant last year.

Right Hon. ARTHUR MEIGHEN: I am entirely favourable to the Bill and the proper maintenance of the battlefields under the care of the Commission. But I was desirous of getting a statement from a member of the Commission who is also an honourable member of this House (Hon. Sir Thomas Chapais) as to the nature of the work which is being done, how far moneys which are being voted and have been voted are required for maintenance, and to what extent it has been possible to make improvements with those moneys. I was unable to see how $75,000 could be necessary for maintenance alone. I may have missed a little of what was read by the honourable the leader of the Government (Hon. Mr. Dandurand), but in any event I do not know yet just what battlefields are under the purview of this Commission. I know the chief one is the Plains of Abraham, but is there any other, and, if so, what is it? I notice that the Commission has two members from Toronto: Professor Wrong and Hon. W. H. Price. It is difficult to see just what service could be rendered by members at Toronto as to maintenance of the Plains of Abraham battlefield. It therefore seems to me that some other battlefields are included in the purview of the Commission.

Hon. Mr. COTE: No.

Right Hon. Mr. MEIGHEN: There is no other?

Hon. Mr. COTE: No.

Hon. Mr. DANDURAND: Yes. Adjoining the Plains of Abraham there is a piece of land upon which took place the second battle between the English and the French, in the spring of 1760, the battle of Ste. Foy. This now forms part of the whole battlefield.

Right Hon. Mr. MEIGHEN: Yes, it is part of the whole battlefield. I do not know what area is included there, but apparently that is all that is under the Commission.

Hon. Mr. DANDURAND: It forms now a compact whole.

Right Hon. Mr. MEIGHEN: From what the honourable leader of the Government read I understood it was provided that if any province contributed $100,000 it would be permitted to have a representative on the Commission, and apparently Ontario is entitled to a representative—and has one in the person of Mr. Price—because of having contributed such a sum. The other member from Toronto was, I suppose, appointed by the Federal Government.

Hon. Mr. DANDURAND: I should think so.

Right Hon. Mr. MEIGHEN: Of course, the whole of Canada is interested in the preservation of the Plains of Abraham, but the real work would be done on the ground. I cannot see how much could be done by representatives elsewhere, and I am wondering whether a lot of the money is not spent in travelling and other expenses by members distant from Quebec who cannot be very useful. No further acquisition is going on. I should have liked to have some statement of the improvements being made, and so forth, and I was sure the honourable senator from Grandville (Hon. Sir Thomas Chapais), who is a member of the Commission, could have given us a very interesting account. That was the only reason I rose yesterday. I notice that he is not able to be here to-day, and if he cannot be present to-morrow perhaps we had better postpone further discussion until next week.

Hon. G. PARENT: Honourable senators, the right honourable gentleman who has just taken his seat (Right Hon. Mr. Meighen) has undoubtedly made occasional trips to Quebec, but apparently he has never gone there for the special purpose of looking over the work done by the Battlefields Commission. If he had done so, he would have observed, like every other visitor at the Plains of Abraham, that though the territory is not very extensive, maintenance charges are necessarily heavy on account of the rocky nature of the ground. As all honourable members know, the Citadel, headquarters of the Governor General at Quebec, adjoins the Plains of Abraham, and it is important that the Battlefields Commission should improve these surroundings as much as possible. The cost of laying out roads, sewers, drains, and so on, there, is very high.

Some people may be inclined to think that the Government is voting too much money to the Commission, but my impression is that the vote is not large enough. This battlefield is a great asset to the country at large. We must not forget that it was the birthplace of a nation. Wherever you walk there you are treading on historic ground. The battlefield should be kept up, even if it costs a little money.

Right Hon. Mr. MEIGHEN: I agree with that.

Hon. Mr. PARENT: I think the Government has been very parsimonious in voting only $75,000 a year. The contribution should have been more than that, but we know that the present financial situation is such that we must proceed slowly in these matters just now, and so we shall have to wait a little longer for more money. That is why only $75,000 a year is being asked for from the Federal Treasury for the maintenance of this work. It is a very valuable asset from the point of view of tourist trade alone. Every Canadian should go there, sooner or later. No one can say he has seen this country who has not visited the Plains of Abraham, the place where Wolfe and Montcalm died, where soldiers of the two races fought valiantly and gallantly. It is a sacred spot and it ought to be well preserved. So I am glad to see that there has been unanimity in the voting of this sum of money, and I only wish that it were within our power to spend more money in such a good cause.

Hon. Mr. BALLANTYNE: Can the honourable gentleman inform the House how much has been spent on maintenance during the last thirty years?

Hon. Mr. PARENT: I am not a member of the Commission. But I may tell my honourable friend that while I was a member of the other House I never sent any man to the Commission to get work. I regarded the undertaking so highly that I thought the Commission should have an entirely free hand.

Contributions have come in the past from private sources and the federal and provincial governments. The Dominion's grant has been made regardless of whether Conservatives or Liberals were in power. And no one can find any fault with the way in which the money has been spent. As we know, the honourable gentleman from Grandville (Hon. Sir Thomas Chapais) is a member of the Commission. Sir George Garneau is the Chairman. These and all the other members are above suspicion.

I repeat, we must never forget that our nation had its birth on the Plains of Abraham, and we should see to it that this historic site is properly maintained.

Hon. L. MORAUD: Honourable members, I concur in what has been said by my honourable friend from Kennebec (Hon. Mr. Parent). I think that the money which is being spent on the battlefields is well and honestly spent. The Chairman of the Commission, Sir George Garneau, is one of the outstanding citizens of Canada. There are no politics and never have been politics in the administration of the battlefields. I shall gladly vote in favour of the Bill.

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

ORDER FOR THIRD READING

Hon. Mr. DANDURAND: I would move third reading of this Bill now, but perhaps I had better wait and try to obtain a copy of the annual accounts, which must have been sent by the Commission to the Government. This is not before me and I quite realize that I have not covered, as fully as I should have liked to cover, the inquiry of my right honourable friend (Right Hon. Mr. Meighen). It may be that detailed statements of the expenditures from year to year appear in the Auditor General's reports. In any event, I shall endeavour to get the information if my right honourable friend desires that it be laid before the House, though it may take a little time.

Right Hon. Mr. MEIGHEN: I have not the slightest doubt as to the honesty or efficiency of the administration, and never had. I know the Commission and I think it would be difficult to get one of higher class. But I should like to hear from a member of the Commission as to the kind of work that is being done, what is looked forward to and what plans have been made. I suggest that we postpone third reading until next week, when the honourable senator from Grandville (Hon. Sir Thomas Chapais) will be here.

Hon. JAMES MURDOCK: Honourable senators, would it not be possible to send this Bill to a committee, where we could discuss it a little more freely and secure information as to how the money is being spent? There has been considerable talk about economy from time to time, but three-quarters of a million dollars have been spent in the last ten years on only one battlefield, so far as we know. There are others in Canada, but possibly no other so important. The present Bill provides for the spending of another three-quarters of a million dollars over the next ten years on the same battlefield. That may be all right, but it seems to me that we are entitled to know what the money is being spent for, and what has been done from year to year, and that we cannot get this information unless we have an opportunity of discussing the measure in a committee.

Hon. Mr. DANDURAND: It is probable that if the Bill were set down for third reading next week I should be able at that time to lay before the Senate the reports made by the Commission to the Auditor General. But I have no objection to the Bill being sent to a committee, say the Standing Committee on Finance, which was mentioned a little while ago.

Right Hon. Mr. MEIGHEN: Hear, hear.

Hon. Mr. DANDURAND: I will move that the Bill be referred to the Standing Committee on Finance.

Hon. Mr. PARENT: Honourable senators, I would draw the attention of the right honourable leader on the other side (Right Hon. Mr. Meighen) to this point: the summers in Quebec are very short and if the Commission is not able to get the money promptly its program of work for the season may not be started at all.

Hon. Mr. COPP: The Commission can get credit.

Hon. Mr. BALLANTYNE: The Finance Committee will act promptly.

Right Hon. Mr. MEIGHEN: We could postpone the matter until to-morrow. I do not want to hold up the work.

Hon. Mr. DANDURAND: Then I will move that the Bill be placed on the Order Paper for third reading at the next sitting of the House, and I think I shall have some information to give the Senate at that time.

The motion was agreed to.

CANADA-HAYTI TRADE AGREEMENT BILL

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 79, an Act respecting a certain Trade Agreement between Canada and Hayti.

He said: Honourable senators, the object of this Bill is the approval of a trade agreement between Canada and Hayti. The explanatory note to the Bill reads as follows:

The trade agreement signed on April 23, 1937, between Canada and Hayti provides for exchange of most-favoured-nation treatment in tariff matters. Each country also undertakes not to impose prohibitions or restrictions on imports from the other which are not applied to imports originating in a third country. In the event of quantitative restrictions or exchange control measures being established by either country, the agreement provides that these measures will be administered in such a way as to give the other country a fair share of the trade. National treatment is exchanged, with a few exceptions, with respect to internal taxes. Preferences which Canada grants to other parts of the Empire and any advantages are excluded from the scope of the agreement. granted by Hayti to the Dominican Republic Canada and Hayti have been according each other most-favoured-nation treatment since July 15, 1935, under exchanges of notes in force for limited periods. An exchange of notes of until the ratification of the enw trade agreement for one year, i.e., until April 15, 1938, or until the ratification of the new trade agreement.

I may say that I have obtained from the Department of Trade and Commerce a statement covering this trade agreement, and, with the leave of the Senate, I will place it on Hansard.

This is the statement referred to:

As in the case of Guatemala, Canada has also been avoiding high duties in Haiti through a modus vivendi and we desire to establish tariff relations with Haiti on a more stable basis.

The need for a trade agreement with Haiti is traceable to a Haitian law of April 9, 1935, which provided that the existing rates of customs duty in Haiti would constitute a minimum tariff. The minimum tariff was to apply only to goods (1) originating in countries granting unconditional most-favoured-nation treatment to Haitian products; (2) in the absence of an agreement, to countries which purchase at least one per cent of the total Haitian exports; (3) or countries whose exports to Haiti did not exceed one-half of one per cent of the total Haitian imports. Countries not fulfilling these conditions became subject to a maximum tariff established by the same law, and which was double the minimum tariff.

The external trade figures of Haiti at that time showed imports from Canada at 1·96 per cent of Haiti's total imports, and exports to Canada at only 0·47 per cent of Haiti's total exports. Thus Canada became subject to the maximum tariff unless protected by a trade agreement.

As a temporary measure Canada by an exchange of notes on April 12, 1935, granted her intermediate tariff to Haiti in return for most-favoured-nation treatment. Canada's concessions to Haiti were enlarged in an exchange of notes of June 7-10, 1935, by an extension of full most-favoured-nation treatment, i.e., intermediate tariff, plus any lower rates in force. This arrangement was made for a period of nine months, i.e., up to April 15, 1936. The agreement was further extended on April 6, 1936, for one year, and on April 15, 1937, for another year, or until the ratification of a new trade agreement.

Tariff Concessions

The trade agreement between Canada and Haiti now before the House was signed on April 23, 1937. It provides for exchange of unconditional most-favoured-nation treatment in all matters concerning customs duties and related charges on the products of each country imported into the other. Exception is made as regards preferences granted by Canada to other parts of the British Empire, and any advantages granted by Haiti to the Dominican Republic with a view to facilitating frontier traffic.

As regards Canadian concessions this means that Haiti will be accorded (1) the intermediate tariff; (2) special rates and discounts from the intermediate tariff provided for in Schedule "C" of the Canada-France trade agreement, 1933, and protocols thereto; (3) special rates in Schedule I to the Canada-United States trade agreement; (4) special rates in Schedule "B" to the Canada-Poland convention of commerce.

Here it will be of interest to place on record the totals of trade between Canada and Haiti during recent years, as shown by Canadian returns. The figures are:

Calendar Years	Our Imports	Our Exports
1933..	$ 1,085	$105,789
1934..	51,737	212,870
1935..	41,793	101,775
1936..	99,458	164,115
1937..	58,983	164,718

The outstanding importation from Haiti into Canada is sisal fibre. It enters this country free of customs duty from all countries. Of the $99,000 comprising Canada's total imports from Haiti in the calendar year of 1936, $89,000 was made up of sisal fibre. The whole of the imports of $59,000 for the calendar year 1937 consisted of sisal fibre. Haiti is anxious to extend her export trade to Canada in some other lines also, such as tropical fruits, coffee, cocoa, sugar, cotton. The trade agreement, as indicated, will ensure on any of these products the most favourable rates granted to any foreign country.

Canada's main exports to Haiti are fish, wheat, flour, rubber tires, potatoes, some meats, and a wide variety of miscellaneous goods, each

representing small amounts, but a considerable total. Details of the chief exports during the calendar year 1937 are:

Herrings, sea smoked	$49,920
Codfish, dried	27,855
Alewives, salted	23,257
Pollock, dried	1,594
Mackerel, pickled	1,086
Wheat flour	26,859
Tire casings and tubes	22,600
Potatoes, n.o.p.	3,205
Pork, pickled	1,638
Miscellaneous	6,704
Total exports	$164,718

Haiti Duties

On these and all other goods that we might export to Haiti the agreement insures us the benefit of the minimum tariff (half the maximum) and any lower conventional duties existing. Some minimum rates of the Haiti tariff, inclusive of a 20 per cent surcharge, are:

Smoked fish	$1.85	per 100 lbs.
Dried fish	3.60	per 100 lbs.
Salted fish	1.85	per 100 lbs.
Fish in brine	1.85	per 100 lbs.
Potatoes	1.30	per 100 lbs.
Wheat flour	2.75	per 100 lbs.
Wheat	72	cts. per bushel.
Malt	2.20	per 100 lbs.
Apples	1.10	per 100 lbs.
Butter	6½	cts. per lb.
Cheese	11	cts. per lb.
Preserved fruits	4.40	per 100 lbs.
Preserved milk	3.30	per 100 lbs.
Rubber tires and tubes	16½	cts. per lb.
Rubber hose	5½	cts. per lb.
Rubber belting	16½	cts. per lb.

An alternative ad valorem rate of 24 per cent on fish, apples, preserved milk, and rubber hose applies in any case where it would yield more duty than the specific rate just mentioned.

There are lower conventional duties on these goods as follows:

Seed potatoes	Free.
Apples	57 cts. per 100 lbs. or 21 per cent ad val.
Preserved fruits	$2.60 per 100 lbs.
Preserved milk	10½ per cent ad val.
Butter	2¾ cts. per lb.
Cheese	5½ cts. per lb.
Rubber tires and tubes	21 per cent ad val. in years when Haiti budget expenditures exceed $8,000,000.

These conventional duties arise out of a Haitian trade agreement with the United States. In this agreement Haiti also reduced duties on sewing machines, fresh beef, pork and mutton, lard, grapes, pears and radio apparatus. The benefit of all the reductions goes to Canada.

Most Articles in the Two Agreements Are Alike

The articles of the Haiti and Guatemala agreements are much alike. As well as the reciprocal assurance of most-favoured-nation rates, each party guarantees the other National treatment with respect to internal taxes, Canada reserving leaf tobacco, spirits, beer, malt and malt syrup, but pledging most-favoured-nation treatment.

In the event of quantitative restrictions being established by either country, it is agreed that in allocation of permitted imports each country will be granted a proportion of trade equal to what it enjoyed in a previous representative period. There are no quota or import licensing restrictions in force in either Haiti or Canada, but Haiti as well as Canada sees advantage of an assurance in this regard.

Article IV, respecting monopolistic agencies, is more elaborately drawn than the corresponding article in the Guatemala trade agreement. It is identical in terms with Article VIII of the Canada-United States trade agreement. This article contains assurance of equitable treatment for the commerce of either country in the event that the other introduces any system of state trading or public monopoly.

Should exchange control be established in either country, it is agreed that it shall be administered in a way to give the other country a fair and equitable share in the allotment of exchange. Haiti is at present free of exchange restrictions, but if Haiti should at any time resort to exchange restrictions, Article V provides assurance of fair treatment in respect of payment for imports from Canada.

While the Guatemala agreement is for three years, the initial period of validity of the Haiti agreement is one year. The one-year term is at the request of the Haitian authorities. After approval by this Parliament and the Legislature of Haiti it can be brought into force immediately on the exchange of ratifications. It is to remain in force thereafter until terminated on six months' notice being given by either party.

We know that Hayti cannot very materially extend its trade into our market, but we are confident that we can increase our exports to that country.

Right Hon. ARTHUR MEIGHEN: Honourable members, the only observation I made yesterday on this Bill was that there seemed to be no reason for the treaty, it being merely a continuation of a previous treaty, which continuation is assured anyway unless six months' notice of denunciation is given. There has been no such notice.

The honourable leader of the Government (Hon. Mr. Dandurand) has read a memorandum from the Department of Trade and Commerce to the effect that our present trade relations with Hayti and Guatemala arise not from treaties, but rather from some British agreement giving us a right to come in under favoured-nation clauses if the Government so elects; that the Government had so elected in 1935 by Order in Council; therefore our favoured-nation rights in Guatemala and Hayti depended merely on this Order in Council resting upon the treaty with the

British Government, and the latter treaty had been denounced. This statement may be correct, and it would be very rash on my part now to dispute it.

Hon. Mr. MURDOCK: Is my right honourable friend correct in that statement? I find the treaty concludes in these words:

Done in duplicate, in English and in French, both authentic, at the City of Port-au-Prince, on the 23rd day of April, 1937.

That was after Parliament prorogued last year. The treaty was entered into then.

Right Hon. Mr. MEIGHEN: That is quite right. My honourable friend has misunderstood me. This treaty apparently was entered into then, but according to the account given to-day, the relations existing theretofore were based upon a treaty with Great Britain, of which Canada took advantage by Order in Council in 1935, and that other treaty has been denounced by Hayti; hence the necessity for this treaty and the treaty with Guatemala. Had we not entered into these treaties, we are told, we were threatened with 100 per cent advance in tariff, in consequence of a new law directed against countries with which Hayti had an adverse balance of trade. Canada, of course, was one of such countries. This account may be correct, and I should be rash to deny it, but it is not in accord with the information the Minister gave the other House. Possibly he had not full information before him at the time. The Minister stated, as I quoted yesterday, that the provisions of the present treaty were precisely the provisions now existing. He did mention two infinitesimal things in which there was a change, but they amount to nothing. I find he said also—I am only justifying my intervention—the following, which will be found at page 2451 of the Commons Hansard:

We have had most-favoured-nation arrangements with that country for the past seven or eight years at least, and practically no change has been made.

I assume his information was incorrect; that is all. I have no doubt that the memorandum from the Department reveals the real position, and that these treaties should pass. I would warn all industrialists and Labour in Canada, though, not to be optimistic as to the relief in unemployment which may result from the extension of our trade through these treaties.

Hon. Mr. MURDOCK: I am wondering whether I can understand what I read. I find on page 2 of this Bill the following language:

The Government of Canada and the Government of the Republic of Hayti, desiring to facilitate the commercial relations existing between Canada and Hayti have resolved to conclude a trade agreement and for this purpose have agreed upon the following articles:

Then the articles follow, and at the conclusion of article IX I find these paragraphs:

In witness whereof, the undersigned, duly authorized to that effect, have signed the present agreement and have affixed their seals hereto.

Done in duplicate, in English and in French, both authentic, at the City of Port-au-Prince, on the 23rd day of April, 1937.

Is this a trade agreement made as at that date or is it not? That is what I cannot understand.

Right Hon. Mr. MEIGHEN: I think it is made as at that date, only mine reads "in English and in Spanish."

Hon. Mr. MURDOCK: That is Guatemala. The Hayti treaty is said to be in English and in French.

Right Hon. Mr. MEIGHEN: My understanding is that a treaty comes into effect when made between the governments of the two countries. Our practice has been to bring treaties to Parliament for ratification, but they have effect before ratification.

Hon. Mr. DANDURAND: I should like to draw the attention of my right honourable friend to the statement of the Minister of Trade and Commerce at page 2447 of the Commons Hansard. He was asked by Mr. Lennard:

Is it expected that these treaties will greatly increase our trade with these countries?

Mr. Euler: I would not care to make any prediction with regard to that. Having regard to all the circumstances, I do not suppose it is physically possible that our trade with either of these two countries will ever be very large. However, it has been thought well to make this trade agreement because of certain restrictions which might be brought into force with reference to exports from Canada to Guatemala if no regular agreement were made.

Right Hon. Mr. MEIGHEN: Yes.

Hon. Mr. DANDURAND: So I think it was an opportune move to try to secure that market for whatever it may be able to absorb from us. As I have stated, the balance of trade is largely in our favour, and we must neglect nothing in our efforts to increase our exports to these countries.

Hon. Mr. BEAUBIEN: Has my honourable friend any figures to show the importance of our trade with Hayti?

Right Hon. Mr. MEIGHEN: Last year we had $59,000 of imports and about $160,000 of exports. With Guatemala the figures are $52,000 and $88,000.

Hon. Mr. BEAUBIEN: I suppose this Bill is along the usual lines by which two countries make most-favoured-nation arrangements with each other?

Right Hon. Mr. MEIGHEN: It is a little more than that, in this sense. In such treaties the most-favoured-nation extension is generally 100 per cent, but in these particular treaties it is not. It is 100 per cent from us to Hayti and Guatemala; but from them to us it is subject to the right of those two countries to grant special tariff favours to the small Central American countries stipulated here. And of course it is subject to our right to grant inter-Empire preferences.

Hon. Mr. BEAUBIEN: Would the honourable leader of the House (Hon. Mr. Dandurand) state to how many countries we have granted most-favoured-nation treatment?

Right Hon. Mr. MEIGHEN: I think twenty-five.

Hon. Mr. BEAUBIEN: I have a pretty vivid recollection of what happened in 1929 and 1930 in that respect, when the top wall of our tariff was taken off stone by stone by treaties of that nature. The Government of the day granted to virtually every nation in Europe most-favoured-nation treatment. This meant that the general tariff disappeared completely and our industries had to rely on our intermediate tariff. I am wondering whether the Government is reverting to the policy which was followed in 1928, 1929 and 1930, with, I think, disastrous results to our industries.

Hon. Mr. DANDURAND: I am not ready to concede the last statement of my honourable friend without going into the imports and exports between Canada and those various countries during those years. My honourable friend knows how largely we have expanded our export trade. The desirability of using the most-favoured-nation clause is a moot question, and strong arguments might be advanced pro and con. The question might well be examined generally for the purpose of seeing how it has worked out with respect to our trade. I can assure my honourable friend—and I rely on the statement of the Minister of Trade and Commerce—that no such agreement was made without a thorough investigation to see how far it would extend favours to other countries; because once you give a low tariff to a particular country, all the other countries enjoying most-favoured-nation treatment would also enjoy that further advantage.

As I have said, we are all trying to further our own trade. We can do so only by giving a quid pro quo. In this instance the situation is obviously in favour of Canada, for we know what we are importing from Hayti and Guatemala and what we are exporting to them. So we might throw our doors wide open to exports from Hayti and Guatemala without adversely affecting Canada's trade. We are getting the advantage to-day in our trade with those countries.

I recognize that the question of how the application of the most-favoured-nation clause affects one's trade is a very interesting one. My honourable friend knows how we have been thriving on exports. We are decidedly an exporting country, and I think our manufacturers are very happy to see more markets being opened up. Of course, they sometimes feel the pinch when certain commodities are admitted, but that is something which may be expected. The question is, What are we giving in return for the favours we are getting?

Hon. JAMES MURDOCK: Honourable senators, I think that when there has been so much discussion respecting these two Bills it would be unfortunate if we did not indicate just how hungry we are for export trade. Therefore let me put on the record Article VII of the trade agreement with Hayti. It says:

> Nothing in this Agreement shall be construed to prevent the adoption of measures prohibiting or restricting the exportation or importation of gold or silver, or to prevent the adoption of such measures as either Government may see fit with respect to the control of the export or sale for export of arms, ammunition, or implements of war, and in exceptional circumstances, all other military supplies.
>
> Subject to the requirement that there shall be no arbitrary discrimination by either country against the other country in favour of any third country where similar conditions prevail, the provisions of this Agreement shall not extend to prohibitions or restrictions (1) imposed on moral or humanitarian grounds; (2) designed to protect human, animal or plant life; (3) relating to prison-made goods; (4) relating to the enforcement of police or revenue laws; (5) directed against misbranding, adulteration, and other fraudulent practices, such as are provided for in the pure food and drug laws of either country; and (6) directed against unfair practices in import trade.

In view of Canada's hunger and need for export trade, I do not think any particular harm will be done by putting this article on the record to show how much elasticity there is in the Canadian conscience when it comes to getting a hundred dollars or so of export business.

Hon. Mr. DANDURAND: These reservations show exactly the contrary. My honourable friend has misinterpreted them.

Hon. Mr. BEAUBIEN: Perhaps I shall be allowed to be out of order long enough to ask my honourable friend the leader of the Government whether we may have a list of the countries that enjoy the most-favoured-nation clause.

Hon. Mr. DANDURAND: I shall have an answer for my honourable friend, just as though he had put an inquiry on the Order Paper.

Hon. Mr. BEAUBIEN: In order that my honourable friend may be zealous, I will remind him that we are hungry for export trade and are very parsimonious with respect to our own market. If our home market were wider we should not be so hungry for foreign markets; therefore we do not want any further intrusion into our market than is absolutely essential to enable our trade to flow in other countries. My honourable friend will remember how much trouble our Government took in negotiating the treaty with France, for instance, granting very important concessions to that country—as to which, of course, we received some quid pro quo—and how, just as soon as these particular advantages were given, the Government handed similar ones to other countries, including Italy, without receiving anything at all in exchange.

Hon. Mr. BALLANTYNE: Think of the goodwill we gained.

Hon. Mr. BEAUBIEN: Perhaps. The motive behind the policy of the Government at that time could not have been the securing of certain advantages. It was very clear that what was done was simply an indirect way of cutting down the protective walls around this country. After all, when a trade treaty with a foreign country is presented to Parliament it attracts very little attention and no suspicion at all. If the Minister of Finance in presenting his budget says that he is going to cut down the tariff on some commodity there is quite a flurry throughout the country and powerful representations are made, and perhaps the tariff is not lowered on that particular item. But in this indirect and very skilful way the Government goes very gently and gingerly about making the change, and nobody is aware that stone by stone the wall of protection is being removed so that competitive goods may flow in. I think this House will remember that in 1930 the flow of foreign goods was so great that a large portion of our population was swept from our own territory to the country to the south of us, and in five years we lost no fewer than 400,000 Canadians. Of course these agreements before us are picayune so far as trade is concerned; in fact, you would almost have to wet your fingers, so to speak, to pick them out from among our other trade agreements. Nevertheless, I should be very much obliged for the information I have requested. I shall put my question in writing and send it to my honourable friend.

Hon. Mr. DANDURAND: Of course we have heard my honourable friend's statement before. He forgets to say that if we extended favoured-nation treatment to Italy by our treaty with France, we at the same time got favoured-nation treatment from Italy.

Hon. Mr. BEAUBIEN: But we got no trade.

Hon. Mr. DANDURAND: I should like to look at the statistics with regard to favoured-nation treatment.

Right Hon. Mr. MEIGHEN: The honourable gentleman has not heard about "economic appeasement."

Hon. Mr. DANDURAND: Although he has been to Geneva. I have had occasion to discuss with the honourable gentleman the migration of our people to the south, and I think many arguments could be advanced which would explain it.

Hon. Mr. MURDOCK: They all came back before 1935.

Hon. Mr. DANDURAND: Independently of the question of reduced tariffs.

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

THIRD READING

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

He said: As this convention cannot be amended, but can only be abandoned or rejected if not approved, and as we have adopted the principle on second reading, I now move the third reading of the Bill.

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

CANADA-GUATEMALA TRADE AGREEMENT BILL

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 80, an Act respecting a certain Trade Agreement between Canada and Guatemala.

He said: Honourable senators, this Bill is similar in purpose to the previous one. I have the following explanation from the Department of Trade and Commerce:

The object of the trade agreement with Guatemala is to place our tariff relationship with that country on a more stable basis. We have been avoiding a high tariff in Guatemala only by an exchange of notes.

A Guatemalan law of January 26, 1935, provided means for increasing customs duties and other taxes 100 per cent on goods from countries whose commercial balance with Guatemala was adverse to Guatemala. Figures of total trade between Canada and Guatemala, as shown in Canadian records, for the last five calendar years are:

Calendar Years	Our Imports	Our Exports
1933	$11,727	$121,613
1934	3,525	170,277
1935	12,738	76,251
1936	23,106	112,526
1937	52,270	88,498

In order to avoid the 100 per cent surcharge just mentioned, Canada took advantage of Article 13 of the then existing treaty of commerce and navigation between the United Kingdom and Guatemala, dated February 22, 1928. Under this article the Guatemalan Government had agreed to accord most-favoured-nation treatment to the products of any British Dominion in return for most-favoured-nation treatment of Guatemalan products in such Dominion. A Canadian Order in Council, therefore, was passed on July 20, 1935, which granted most-favoured-nation treatment to Guatemala. In this way Canada for a time escaped liability to the 100 per cent surcharge. However, the Anglo-Guatemalan Treaty, under which this action was taken, was soon denounced by Guatemala and ceased to have effect on August 30, 1936. Tariff negotiations between the Canadian and Guatemalan governments then ensued with the result that the trade agreement now before the House was signed on September 28, 1937. At the same time an exchange of notes was executed providing for provisional most-favoured-nation treatment pending the coming into force of the new agreement.

I. Tariff Concessions

The trade agreement, in Article I, provides for exchanging unconditional most-favoured-nation treatment with respect to customs duties and subsidiary charges, as well as related customs formalities.

In so far as Canadian concessions are concerned, most-favoured-nation treatment at present means the benefit of the intermediate tariff and the rates lower than intermediate in our trade agreements with France, Poland and the United States. Guatemala's exports, however, are not varied enough to benefit from many of the tariff reductions thus obtained. Our chief and only important import from Guatemala is coffee, which made up $51,000 of the $52,000 total value of goods imported from Guatemala during 1937. Under the most-favoured-nation treatment confirmed by this trade agreement, coffee from Guatemala may be imported under the intermediate tariff at a rate of 3 cents per pound, as compared with 5 cents per pound under the general tariff.

The chief items making up exports to Guatemala in 1937 were:

Wheat flour	$29,645
Cyanamid	22,387
Pneumatic tires and tubes	6,788
Various vegetable products	5,220
Newsprint	4,272
Rubber belting	2,319
Silk socks and stockings	2,299
Brushes	2,208
Cotton duck	1,648
Farm implements	1,416
Bags	1,389
Whiskey	1,237
Cotton clothing	1,209
Needles and pins	1,179
Other goods	5,282
Total exports	$88,498

On wheat flour, the leading export, Guatemala duty is $1.35 per 100 pounds. There is at present no preferential rate, but Canada, as well as escaping the surcharge of 100 per cent, is assured of the lowest rate that may be brought into force at any time. The next largest export from Canada, cyanamid, is apparently duty-free, as a fertilizer. On Canada's third largest export, rubber tires and tubes, there is a conventional rate of 20 per cent ad valorem, compared with 9 cents per pound under the general tariff. It has been stated that the 20 per cent ad valorem conventional rate which we receive represents a reduction of one-third of the duty. As regards the normal duties on some of the other chief Canadian exports to Guatemala, white newsprint is 45 cents per 100 pounds, coloured newsprint 90 cents per 100 pounds, rubber belting 11¼ cents per pound, silk hosiery $4.10 per pound, and farm implements, some at 45 cents per 100 pounds, and some at $1.35.

Without assurance of a continuance of most-favoured-nation treatment in Guatemala we should be in a quite inferior position to the United States in that market. In a trade agreement of June 15, 1936, Guatemala granted the United States the conventional rate on rubber tires, already mentioned, and reduced rates on passenger automobiles, radio apparatus, metal furniture, certain meats, canned and other fish, powdered milk, oatmeal, and similar cereals.

II. Import Restrictions

In Article II each country undertakes not to impose prohibitions on imports from the other which are not applied alike to goods originating in a third country. In the event of quantitative restrictions being established by either country, each pledges to the other most-favoured-nation treatment. Neither Canada nor Guatemala at present employs any system of import quotas or prohibitions. At the same time it is advisable in these days, when trade barriers of all kinds are of common occurrence, to safeguard our position as far as possible when making new trade agreements. Thus it is provided in this article that, in the event of

limitations being placed on imports, each contracting party is assured of a share in the permitted trade equal to its proportion of the trade in a previous representative period. The exception made in this article with regard to matches and lighters was requested by Guatemala. We do not consider it of serious consequence to Canada. We are advised that Sweden is the only country exporting matches to Guatemala.

III. Internal Trade

Article III has a reservation on Canada's side in respect of certain internal taxes. Article III assures national treatment as regards internal taxes of various kinds except with regard to imports into Canada of leaf tobacco, spirits, beer, malt and malt syrup imported from abroad, and to special excise taxes imposed under existing provisions of the Special War Revenue Act. In these respects, however, most-favoured-nation treatment is to apply.

IV. Monopolies

Article IV aims at protecting trade against discrimination at the hands of a monopoly established or maintained by either government. This article does not necessarily mean that such monopoly or agency will function; but if there should be one, Canada is better off with the article than without it.

This article corresponds word for word with Article VIII of the trade agreement of April 24, 1936, between the United States and Guatemala.

V. Exchange Control

If the Government of either country should control foreign exchange, it is required under Article V to ensure that the nationals and commerce of the other country shall be granted a fair allotment. Exchange control of one form or another has been and still is widely in effect among Latin American countries, and has been one of the most difficult problems with which Canadian export trade has had to contend in Latin American markets. While Guatemala is at present free of exchange restrictions, the insertion of Article V in this trade agreement provides the best obtainable assurance that, if Guatemala should later find it necessary to resort to exchange restrictions, fair and equitable treatment shall be extended in respect to the payment of imports from Canada.

VI. Adjusting Difficulties

The facilities afforded by Article VI for discussing measures that nullify or impair the agreement, with a view to adjustment along amicable lines, will no doubt tend to the smooth working of the trade agreement. The operation of customs regulations may easily cause unforeseen hardships, and it is useful to have recognition of this in an agreement.

VII. Necessary Precautions

The control over imports and exports reserved to either Government by Article VII, involving trade in munitions, protection of human, animal, or plant life, merchandise marks, and food and drug laws, are of the usual nature in commercial treaties.

VIII. Frontiers and Customs Union

The permission in Article VIII for a customs union between one of the contracting parties and another is obviously of more importance to Guatemala than to Canada, but we can see no objection to meeting Guatemala in this respect.

IX. Preferences Reserved

Article IX gives privileges to each of the contracting parties in respect of its own peculiar commerce—Guatemala with its adjacent Latin American countries, and Canada with the British Commonwealth.

X. Approval and Duration

In Guatemala the approval of the National Legislative Assembly is necessary. We have not exact information as to when this can be obtained, but several months ago it was estimated that March, 1938, would be the earliest possible date. The present agreement is to become operative 30 days after approval by the Guatemala Assembly and the Canadian Parliament and the exchange of ratifications. It is to remain in force for three years after exchange of ratifications, and thereafter until terminated on six months' notice. Meanwhile, and pending the coming into force of the agreement, most-favoured-nation treatment is still being accorded under an exchange of notes with Guatemala.

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

THIRD READING

On motion of Hon. Mr. Dandurand, the Bill was read the third time, and passed.

CANADIAN AND BRITISH INSURANCE COMPANIES BILL

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 81, an Act to amend the Canadian and British Insurance Companies Act, 1932.

He said: Honourable senators, the explanatory note which is before you would perhaps suffice, but I will add some further explanations. The explanatory note says:

The effect of this amendment is to extend section sixty of the Act dealing with investments of Canadian insurance companies to permit investment in equipment trust certificates of Canadian railways.

This, I suppose, will meet with no objection, because these equipment trust certificates are of such an order that the insurance companies can invest their moneys in them with safety.

The second paragraph of the Bill reads:

(i-e) the bonds, debentures or other evidences of indebtedness issued by an authority constituted by Act of the Parliament of the United Kingdom of Great Britain and Northern Ireland or of any British Dominion and responsible to the Government of such Kingdom or Dominion or to any Minister of such Government, or to a body so responsible with power to administer or regulate the administration

of any port or harbour or system of transport or to distribute or regulate the distribution of electricity, water or gas, and to levy, impose or make taxes, rates, fees or other charges fixed or authorized by the said Parliament or subject to the approval of the said Government or Minister or of a body responsible to the said Government or Minister.

I may say that a number of Canadian life insurance companies which do business in the United Kingdom and in other parts of the world have asked that we take cognizance of the fact that, particularly in Great Britain, new types of public authorities have come into being, and that at the present time there is at least a doubt as to whether Canadian insurance companies may invest in the securities of those public bodies. In some cases there is no doubt that under the existing law they cannot do so. It is therefore proposed that power be extended in the language of the paragraph which I have just read. By this amendment we are endeavouring to include the various types of quasi-governmental authorities which are being erected, particularly in England, but which nevertheless are in reality public authorities. The law officers have had some difficulty in finding descriptive terms to cover specific cases which have been put before the Department, as, for instance, the Electricity Board, the Port of London Authority, and the London Transport Board, all of which have in varying degrees relationship with a Minister of the Crown of Great Britain. In some cases that relationship is direct, and they are immediately under the Minister's direction with respect to rates and matters of that sort. In other cases they are responsible to a board which reports to the Minister, the board itself in most cases being composed of civil servants, some of whom are what are called co-opted members.

Various very interesting experiments are taking place in England, particularly in the operation of great public utilities, with respect to the combination of public enterprise on the one hand and governmental capital investment or supervision, or both, on the other. You cannot use a phrase which is descriptive of all these experiments, because they vary in certain particulars. There is no doubt, however, that the securities issued in connection with them rank very high, and for that reason it is thought that Canadian insurance companies, particularly those doing business in England, should have the right to invest in securities which in England are regarded as prime securities.

With this explanation, I move the second reading of the Bill.

Right Hon. ARTHUR MEIGHEN: Honourable senators, ordinarily this Bill should go to the Committee on Banking and Commerce; but it is very simple, and to me it seems very reasonable. All I should like to know is, first, whether the provisions of the present Bill, looking to an enlargement of the availability of certain securities, chiefly in England, for investment by Canadian and British insurance companies, have the approval of Mr. Finlayson, of the Department of Insurance. In that respect I should regard him as a better judge than any member of the committee could be. As far as equipment trust securities in Canada are concerned, they are all right.

Hon. Mr. DANDURAND: I have in my hands a letter from Mr. Finlayson which not only approves of the Bill, but suggests a few amendments which have been inserted in it exactly as he gave them to the Minister of Finance.

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

THIRD READING

On motion of Hon. Mr. Dandurand, the Bill was read the third time, and passed.

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

THE SENATE

Thursday, May 5, 1938.

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

Prayers and routine proceedings.

PRIVATE BILL

FIRST READING

Bill B2, an Act to incorporate the Workers Benevolent Society of Canada.—Hon. Mr. Haig.

NATIONAL BATTLEFIELDS (QUEBEC) BILL

THIRD READING

Hon. Mr. DANDURAND moved the third reading of Bill 53, an Act respecting the National Battlefields at Quebec.

He said: Honourable senators, I said yesterday that I thought I should have to-day all the information necessary to answer the questions put to me concerning the activities of the National Battlefields Commission at Quebec. I now have a statement which I shall read.

The preamble to the original Act, which was passed in 1908, refers to the fact that it is "desirable in the public interest of Canada to acquire and preserve the great historical battlefields at Quebec, restoring so far as possible their principal features so as to make them a Canadian National Park." The Act, therefore, gave authority for the constitution of a commission for the acquisition, management and control of the said battlefields and the moneys contributed for the said purposes.

The Commission was authorized to purchase, acquire and hold the lands or immovable property in the city of Quebec, or in the vicinity thereof, where the great battles were fought or which were occupied by the various units of the respective armies upon the battlefield. Under section 7 of the Act it was authorized to "remove all buildings or other structures upon the lands taken or acquired, and erect a museum and such monuments or statues or other works as seemed fitting or proper" and "lay out and construct on or through the said lands such avenues, drives or paths, gardens, squares or other works as are, in the opinion of the Commission, desirable for the improvement of the grounds and the conversion thereof into a National Park of a character to commemorate worthily the great events which happened there."

Before making expenditures under the Act, the Commission is required to submit to the Minister of Finance a detailed estimate of the expenditures proposed to be made, accompanied by information sufficient to enable the Governor in Council to determine as to the necessity or advisability of the proposed expenditures and every portion thereof. Before undertaking any work of improvement or construction, the Commission must cause to be prepared plans of the proposed work, showing locations, and submit the said plans for the approval of the Governor in Council. These estimates are usually submitted in April or May of each year; they have not as yet been submitted for the current year. Before June 1st each year the Commission must also submit to the Minister of Finance detailed statements of all its receipts and expenditures for the preceding fiscal year, and copies of these statements are laid before Parliament during the first fourteen days of the following session. All accounts, records, bank books and papers of the Commission must be open at all times to the inspection of the Minister of Finance, and all accounts, receipts and expenditures of the Commission are subject to the audit of the Auditor General as in the case of public moneys. In his annual report for each year the Auditor General gives a detailed statement of the receipts and expenditures of the Commission.

2. Purposes for which the annual vote of $75,000 will be used.

While the detailed estimates of the Commission for the current year have not as yet been submitted, the Commission has given the following information in regard to the purposes for which the money will be required this year. It is presumed that the requirements for the succeeding years will be approximately the same.

Administrative expenditure will account for about $8,500. This covers the salaries of a secretary and an assistant secretary, as well as office rent ($2,250), office supplies and contingencies, legal costs and travelling expenses of Commissioners.

Maintenance and upkeep (that is, repair of avenues, preparation and care of flower beds, mowing the grass, upkeep of grounds, policing, electric light and fuel, etc.) are estimated to require $66,500. This total is allocated as follows:

(a) Salaries of permanent staff of 40 employees, labour and cartage..	$40,000
(b) Policing the Park (6 constables)..	8,500
(c) Electric power and fuel..	4,250
(d) Plants, seeds and fertilizers.. ..	2,500
(e) Machinery and tools, repairs, etc.	2,000
(f) Insurance..	2,000
(g) Contingent and unforeseen..	7,250
	$66,500

It will be noted that this estimate allows for no new construction work, although out of the vote of $75,000 in previous years small amounts have been used for construction and improvements approved by the Governor in Council.

In the table attached you will find details of estimates of expenditure from the annual grant, submitted by the Commisison during the last five years.

3. Argument for statutory grants for ten years.

As stated yesterday, the reason for a statutory grant for ten years rather than annual votes by Parliament is to enable the Commission to plan its work over a period of years, and thus to secure greater economy than would otherwise be the case.

This question was discussed in the House of Commons in 1928, when the Honourable Mr. Robb, then Minister of Finance, introduced an amendment to the Act to provide for an annual vote of $75,000 for ten years. At that time he quoted a letter received by him from the Chairman of the Commission under date of November 18, 1927, which reads as follows:

"When I met you last in Ottawa, you asked me to remind you of the suggestion which I made to the subcommittee of the Privy Council in connection with the funds voted for the National Battlefields Commission.

"At present the ordinary expenses for administration and maintenance of the park amount to about $50,000 per year."

Of course, that was in 1927.

"It is estimated that when the park is finally completed the annual expense for its administration and maintenance will be about $75,000.

"I suggested, and I strongly commend the idea to your favourable consideration, that instead of having Parliament vote the required grant each year, the Commisison be given a statutory grant of $75,000. The excess of this amount over that required for maintenance will be applied to the work of completing the laying out and construction of the park (capital expenditure), and in course of time the maintenance will increase and the capital expenditure will diminish until we arrive at the estimated final cost of upkeep of $75,000 per year."

It will be noted that at that time the Chairman of the Commission estimated that in course of time the normal expenditure for

maintenance and upkeep would be $75,000 per year. In commenting on Mr. George Garneau's letter, the Honourable Mr. Robb said: "We consider that it would be cheaper to say to the Commission, 'You cannot have any more money than this during the next ten years.' They know that they are going to receive this money each year and can plan their work accordingly, so I believe it will cost the Treasury less in the end."

I would ask leave to place on Hansard the table referred to in the memorandum.

The following is the table:

NATIONAL BATTLEFIELDS COMMISSION

Estimates of Expenditure from Annual Grant

Administration	1933-34	1934-35	1935-36	1936-37	1937-38
Balance available from previous year	$ 404	....	$ 182	$ 557	$ 650
From vote	6,896	7,500	8,500	7,943	7,850
	$ 7,300	$ 7,500	$ 8,682	$ 8,500	$ 8,500
Salaries	4,500	4,500	5,300	4,750	5,000
Office rent	2,500	2,500	2,250	2,250	2,250
Contingencies	300	500	1,132	1,500	1,250
	$ 7,300	$ 7,500	$ 8,682	$ 8,500	$ 8,500
Maintenance	1933-34	1934-35	1935-36	1936-37	1937-38
Balance available from previous year	$5,296	5,448	7,684	4,404	5,083
From vote	42,410	57,952	52,316	55,596	61,417
	$47,706	$63,400	$60,000	$60,000	$66,500
Salaries, labour and cartage	23,850	26,100	28,000	30,000	35,000
Policing	7,356	8,000	8,000	9,000	8,500
Lighting	3,500	3,500	2,500	2,750	3,250
Machines and tools	1,500	2,500	5,000	4,000	4,000
Fuel	2,500	2,500	2,500	2,750	3,000
Plants, seeds, fertilizers	2,000	2,000	2,000	2,500	2,500
Insurance	2,000	2,000	2,000	2,000	2,000
Snow removal	1,000	1,500	1,500	1,500	1,500
Resurfacing drives and walks	....	10,000	3,500	....	....
Tree surgery, pruning	....	....	....	....	1,000
Contingent	4,000	5,300	5,000	5,500	5,750
	$47,706	$63,400	$60,000	$60,000	$66,500
Construction					
Balance available from previous year	903	3,892	91	6,843	12,793
From vote	6,097	5,448	10,084	9,410	5,733
	$ 7,000	$ 9,340	$10,175	$16,253	$18,526
Works at Wolfe's Cove	1,000	....	....	....	....
Works on Drive No. 4	2,000	....	....	....	....
Stone hauling from Corrigan's Quarry	4,000	3,892	....	....	....
Improvements—De Bernières Ave.	....	5,448	....	....	....
Improvements	....	....	10,175	16,253	....
Electric light installation	....	....	....	....	10,000
Building, park fixtures	....	....	....	....	8,526
	$ 7,000	$ 9,340	$10,175	$16,253	$18,526
Recapitulation					
Administration	7,300	7,500	8,682	8,500	8,500
Maintenance	47,706	63,400	60,000	60,000	66,500
Construction	7,000	9,340	10,175	16,253	18,526
	$62,006	$80,240	$78,857	$84,753	$93,526

1936-37. Special supplementary estimate of $75,000, allocated as follows:

1. Continuation of driveways Nos. 1 and 4 east of and including Taché Avenue, and general grading along these drives	$ 67,000
2. Repairs to Martello Tower No. 1.	8,000
	$ 75,000

1937-38. Special supplementary estimate of $100,000, allocated as follows:

1. To complete Drive No. 1, comprising paving, masonry, walks, fencing, entrance Grande Allée, etc.	$ 32,400
2. To complete Drive No. 4	15,000
3. General grading and landscaping	30,000
4. Opening up Drive No. 2, Cape Diamond (not complete)	22,600
	$100,000

I think what I have read fairly well explains the situation, and accordingly I now move the third reading of the Bill.

Hon. Mr. CASGRAIN: I agree absolutely with the purpose of the Bill. I rise only to direct attention to the large amount required under the head of insurance. I never heard before of insurance on a park. It may be all right; I dare say it is; but I should like some information on the point.

Hon. Mr. BLONDIN: What is the amount of the insurance?

Right Hon. Mr. MEIGHEN: It is $2,000.

Hon. Mr. DANDURAND: I do not know what the insurance covers, but I have full confidence in Sir George Garneau's ability to make an insurance contract.

Hon. Mr. CASGRAIN: Yes.

Hon. Mr. BEAUBIEN: Hear, hear.

Hon. Mr. BLONDIN: I think there is justification for drawing the attention of the honourable Minister to the large expenditure on insurance. I have every confidence in the Commission, but, as honourable members are aware, some insurance agents are at times very, very astute.

Right Hon. ARTHUR MEIGHEN: Honourable members, the honourable leader of the Government (Hon. Mr. Dandurand), in defending the extraordinary procedure of a ten-year operating statute, stated it was necessary in order to enable the Commission to plan its work. But in the items read, showing how the money is spent, there was nothing at all in the way of improvements, construction, or the like; all the expenditures were just for maintenance. For instance, there is $40,000 for labour. And there is $2,000 for insurance premium. What are insured? The rocks? Then there is $8,500 for expenses of the commissioners and for salaries of the secretary and the assistant secretary. For the life of me I cannot understand what a secretary would have to do to take up all his time—except, maybe, to look after the assistant secretary.

Right Hon. Mr. GRAHAM: That might take all his time.

Hon. Mr. DANDURAND: It is very likely that this question came up in Council when the secretary was appointed by my right honourable friend. So he may be able to judge of the necessity for the secretary's services.

Right Hon. Mr. MEIGHEN: I never made any appointments there.

Hon. Mr. DANDURAND.

Hon. Mr. DANDURAND: His Government did. I think the secretary is Mr. Frémont.

Right Hon. Mr. MEIGHEN: The commission needs a secretary, of course, but not two. Certainly I knew nothing about the appointment.

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

DIVORCE AND MATRIMONIAL CAUSES BILL

REPORT OF COMMITTEE—CONSIDERATION POSTPONED

On the Order:

Consideration of the report of the Special Committee to whom was referred back Bill B, an Act respecting Divorce and Matrimonial Causes.

Hon. Mr. TANNER: Honourable members, I move the adoption of this report.

Right Hon. Mr. GRAHAM: Would my honourable friend allow me to interject here something which is new to me, and which I think the House should have an opportunity of considering? I may say that I am not trying to retard consideration of the report, but the honourable gentleman from North York (Hon. Sir Allen Aylesworth) has called my attention to the fact that there are some clauses of the Bill which are under provincial, not federal, jurisdiction. This error has been made, I suppose, by reason of the Bill being a copy of the statute in force in Great Britain, where there are no provincial institutions.

Here is Sir Allen's note, made in his own handwriting:

The clauses dealing with extension of grounds for annulling marriages and legitimacy of children of such marriages are matters of provincial jurisdiction, not Dominion.

In these circumstances, with provincial rights in the air, and many objections to the things the federal authorities are undertaking, would it not be wise to postpone this matter until the beginning of next week, when Sir Allen will be here to present his views to the House? The promoters of the Bill would be in a much better position if they could be assured that it was not ultra vires of this Parliament. If it be true, as Sir Allen has assured me it is, that we have no jurisdiction with regard to particular sections of the Bill, but that they come under the jurisdiction of the provinces, I think it would be wise to postpone consideration of this report until Sir Allen can be present. Otherwise we should only be inviting trouble with the provinces.

Right Hon. Mr. MEIGHEN: Does Sir Allen's letter indicate what sections have to do with annulment or the legitimacy of children?

Right Hon. Mr. GRAHAM: It is just a note.

Right Hon. Mr. MEIGHEN: I am convinced now that matters affecting the validity of marriage have been decided to be provincial. Whether they should have been or not I have the very gravest doubt; but that they have been I have no doubt. Therefore anything connected with the validity of marriage itself must now be recognized as provincial. In running my eye over the Bill I cannot find just what Sir Allen refers to.

Hon. Mr. BALLANTYE: I think he has reference to the custody of the children.

Hon. Mr. MURDOCK: I do not think there is anything that deals with the care or legitimacy of children.

Hon. Mr. BALLANTYE: I think there is.

Hon. Mr. MURDOCK: Oh, yes. Section 13, subsection 2, says:

> Any child born of a marriage avoided pursuant to paragraph (b) or (c) of section twelve shall be a legitimate child of the parents thereto notwithstanding such avoidance.

Right Hon. Mr. MEIGHEN: That is true.

Hon. Mr. MURDOCK: Then subsection 3:

> Nothing in this section or in section twelve shall be construed as validating any marriage which is by law void, but with respect to which a decree of nullity has not been granted.

Right Hon. Mr. MEIGHEN: There can be no question as to our right to enact subsection 3, but subsection 2 is quite a different matter.

Right Hon. Mr. GRAHAM: If I may, I shall hand this note to the right honourable leader opposite. It would do no harm to let this matter go over to next week.

Hon. Mr. COTE: On the question of ultra vires, I may point out that section 15 of the Bill deals with the solemnization of marriage. That is clearly a subject which is within the jurisdiction of the provinces.

Hon. Mr. DUFF: I would suggest that the chairman of the committee be allowed to file his report, so that it may be printed in the Minutes of the Proceedings, and that consideration be deferred until next Monday.

Hon. Mr. MURDOCK: It is in the Minutes of the Proceedings now.

Hon. Mr. McMEANS: I may say that when Mr. O'Connor, the Law Clerk, went over the Bill he had some doubt as to one or two features mentioned by the right honourable leader on this side of the House (Right Hon. Mr. Meighen), but it was thought that if those features were beyond the jurisdiction of the Dominion no harm would be done by allowing them to remain in the Bill, so that the provincial legislatures could either reject them or adopt them, as they deemed fit.

Some Hon. SENATORS: No.

Right Hon. Mr. GRAHAM: Honourable members, my duty has been performed. While I do not desire to retard consideration of the report at all, I think, considering the circumstances, it would be the part of wisdom to postpone this subject so that Sir Allen may lay his proposition before the House on Tuesday next. The lawyers in the House might agree with Sir Allen. He seemed to be very definite about it.

Right Hon. Mr. MEIGHEN: I am entirely agreeable to leaving the Bill over until Tuesday next, but, so that it may appear upon the record, I should like to say that I hope Sir Allen will in the meantime have prepared such amendments as he thinks will best achieve the end he has in mind, the elimination of what he deems to be purely provincial, and, if it is essential for the purposes of the Bill, the substitution of a clause which is within our jurisdiction. As I look at the Bill hastily I cannot see that any substitution will be necessary, but if it is, we should have it here so that we may put the Bill into the form in which it ought to be. Then the debate can take place on the merits and not on the question of jurisdiction.

Hon. Mr. CASGRAIN: In the Rivière du Loup case of the Fraser Estate, the Privy Council held that although, according to our lights, there was no regular marriage, the marriage under the blanket held good; and the child of the squaw got the same rights as if there had been a regular marriage.

Hon. Mr. TANNER: Would honourable gentlemen like me to move that consideration of the report be set down for Tuesday?

Hon. Mr. CALDER: Yes.

Hon. Mr. TANNER: I am pleased to do that.

Consideration of the report was postponed until Tuesday next.

QUESTION OF PRIVILEGE

Hon. CHARLES TANNER: Honourable members, I did not intend to discuss this report, but I have a few observations to make, which I intended to make on the Orders of the Day, and have deferred until now at the request of the honourable the leader of the House.

I want to refer to some comments made yesterday by the honourable the junior member from Winnipeg (Hon. Mr. Haig) which strike me as constituting a rather serious reflection on the special committee that considered the Bill just disposed of, and upon myself as chairman of that committee. I quite acquit the honourable member of any intention to say anything incorrect or even unkind about myself or the committee; but I am a little surprised that an honourable member of long parliamentary experience, not only in provincial legislatures, but also here, should make the statements which he made yesterday. I was unable to follow the honourable gentleman with certainty yesterday, and therefore deferred my comments until I should see his words recorded in Hansard. I did have a general impression from the remarks of the honourable member that there was coming upon us some sort of constitutional crisis, or that freedom of speech was in deadly peril. I should not have expected a member with the experience of the honourable gentleman to be either dismayed or turned aside from his intended activity by a few questions in a committee, or even by someone asking whether or not he was a member of that committee. It appears from what he says, however, that he was very much impressed by the irrelevant talk that went on around the committee table.

I now want to point out just what the honourable gentleman said. It appears at page 280 of yesterday's Hansard.

> I should have liked to speak in the committee this morning, but I was refused that right.

That is a very positive and rather comprehensive statement. I mentioned a moment ago the long experience of the honourable member. He knows as well as I do, I am sure, that a refusal by a committee to hear him would require a vote of that committee; that otherwise the chairman—in this case myself—would be taking a high-handed position in refusing to hear him; and that if the chairman did that he would still be subject to the will of the committee. All I have to say is that there was absolutely no refusal to hear the honourable member, no refusal of the committee to meet him. Yet he puts on record—as I say, I believe it is done unintentionally, and somewhat hastily—a statement that is not correct as a matter of fact.

Then he goes on to say:

> I rose to discuss amendments to the Bill, and at once an honourable gentleman objected to my speaking and asked, "Is the honourable gentleman a member of this committee?" The chairman said, "No." This indicated to me that I was not wanted in the committee at all. The chairman refused to protect me: he did not ask the honourable member who objected to sit down. Then the honourable member who objected to my presence immediately made an effort to have me prohibited from speaking on the Bill before the committee.

Now, that is a rather serious allegation to make against any committee of this House. When the honourable junior member from Winnipeg says that the chairman said "No," I give that a distinct and positive denial. I never said "No." I said nothing whatever in reference to the matter; I made no answer whatever.

With regard to his statement that the chairman refused to protect him, and did not ask the honourable member who objected to sit down, I will now relate precisely what happened. The honourable junior member from Winnipeg was on his feet addressing the committee, at the far end of the table. The honourable senior member from Winnipeg (Hon. Mr. McMeans), the sponsor of the Bill, was sitting at my left hand. He rose and interrupted my honourable friend the junior member. I at once asked the honourable senior member to sit down and not interrupt the honourable junior member, and the honourable senior member immediately did sit down. My honourable friend the junior member then proceeded with his address to the committee. I listened to him, and when he hurriedly left the room I thought he had concluded his address. I never asked him to stop; I never suggested that he should stop. And no member of the committee suggested that he should stop. Some few words passed between himself and the honourable senator from Leeds (Hon. Mr. Hardy), but they were irrelevant to what I am saying; they referred to another aspect of the matter.

I am making these remarks with the kindest of feelings for my honourable friend across the way (Hon. Mr. Haig), but I want to put the matter right. In the very statement I have read he admits that nobody drove him away from the committee; all he says is, "This indicated to me that I was not wanted in the committee at all." Well, the chairman and members of a committee cannot get into the mind of an honourable member. All I can say is that not one of the fifteen members told him to go out or to stop speaking. I am surprised that an honourable gentleman of his long and fighting experience in par-

liaments should have been dismayed at any thought that he was not wanted at the committee. He should have stuck to his guns and said every word that he had to say.

Hon. JOHN T. HAIG: Honourable senators, I do not know whether the honourable gentleman spoke under privilege or under the motion that was made. If his statement was made under privilege, I have no right to reply; if it was under the motion, I have a right to say something.

Hon. Mr. MURDOCK: The motion was carried.

Hon. Mr. HAIG: Then he was out of order, and the Speaker should not have allowed him to proceed. I do not know whether I should say anything now.

An Hon. SENATOR: Proceed.

Hon. Mr. HAIG: Yesterday I went to the committee and listened—

Hon. Mr. TANNER: Mr. Speaker, this is not a debatable question. I quite realize that we are not very strict about rules here, but I submit that, my honourable friend having made his statement and I having made mine, he has no right to debate in the matter.

Hon. Mr. HAIG: I asked the Speaker to rule. The motion had been carried before the honourable gentleman from Pictou (Hon. Mr. Tanner) spoke; therefore he was out of order. If the House allowed him to speak when he was out of order, I have a right to be allowed to reply. However, I am absolutely in the hands of the House. If honourable members say I am not allowed to go on, I will sit down. The honourable gentleman from Pictou is trying to give me the same treatment now that I got yesterday; he is trying to prevent me from saying anything. If the House will permit me, I should like to say something, but if I cannot get permission I am quite willing to sit down.

The Hon. the SPEAKER: I would direct the attention of the House to Rule 41, which says:

> Whenever a matter or question directly concerning the privileges of the Senate or of any committee or member thereof, has arisen, a motion calling upon the Senate to take action thereon may be moved, without notice, and shall, until decided, unless the debate be adjourned, suspend the consideration of other motions as well as Orders of the Day.

There is no motion before the House just now, but I am sure the honourable member will be allowed to make any remarks he wishes in reply to the statement by the honourable senator from Pictou (Hon. Mr. Tanner).

Hon. Mr. HAIG: Honourable members, I went to the committee yesterday because when the Bill was before the House and I objected to certain clauses in it, I was invited to attend the meeting of the committee. I listened to the discussion of the Bill in committee by the honourable the senior senator from Winnipeg (Hon. Mr. McMeans). When he had finished and sat down I rose to speak. I made one statement and he immediately got up and objected strenuously and then he and I had quite a few words. During all this time the honourable chairman of the committee (Hon. Mr. Tanner) never interfered for one minute; he just sat as still as an oyster. Then after I had talked some time, having refused to yield the floor to the honourable senior senator from Winnipeg, he sat down. Then the honourable gentleman from Brockville got up—

Hon. Mr. HARDY: Make it "Leeds."

Hon. Mr. HAIG: The honourable gentleman from Leeds (Hon. Mr. Hardy) got up and asked, "Is the honourable senator a member of this committee?"

Hon. Mr. DUFF: He was just curious.

Hon. Mr. HAIG: No, he was not. He did not say it that way: he said it to indicate that I was not required any longer in the committee. During all this time the chairman made no attempt at interference—

Hon. Mr. MURDOCK: May I say a word? I was sitting alongside the chairman and I distinctly heard him say to the honourable senior senator from Winnipeg (Hon. Mr. McMeans): "Sit down. The junior senator has the floor."

Hon. Mr. HAIG: I am quite candid in stating that if he said that I did not hear him at all.

I spoke yesterday because I had the impression that our rule was the same as obtains in the Provincial Legislature of Manitoba, that a non-member of a committee cannot take any part in discussion at a committee sitting without consent of the committee. I did not know I had an absolute right to speak, and when my right was challenged by an honourable senator whom I presumed to be a member of the committee, for I did not imagine that he himself was not a member, and when no protection was given me by the chairman—in fact, the proverbial oyster "had nothing on" the chairman at that time—I withdrew from the room.

I certainly had no intention whatever of insulting the honourable chairman, nor the honourable senior senator from Winnipeg, nor the honourable senator from Leeds. But I did

feel that the treatment I received showed I was not wanted at the committee, and I withdrew.

Hon. Mr. GILLIS: Was the honourable gentleman not asked by the chairman to continue his speech?

Hon. Mr. HAIG: I heard the honourable gentleman from Manitou (Hon. Mr. Sharpe) ask me to go on.

Hon. Mr. GILLIS: I heard several members of the committee.

Hon. Mr. ASELTINE: Five or six of us asked you to continue.

Hon. Mr. HAIG: As I considered my right to be there at all was questioned, I thought I ought to get out.

Hon. Mr. MURDOCK: Most of us asked you to stay and finish, but you were "mad" and you quit.

The Senate adjourned until Monday, May 9, at 8 p.m.

THE SENATE

Monday, May 9, 1938.

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

Prayers and routine proceedings.

LORD'S DAY BILL

MESSAGE FROM THE HOUSE OF COMMONS

The Hon. the SPEAKER: Honourable members, a message has been received from the House of Commons in the following words:

Resolved, that a message be sent to the Senate to acquaint their Honours that this House disagrees to their amendment to Bill No. 13, an Act to amend the Lord's Day Act, for the following reasons:

1. The amendment penalizes the corporation, while the object of the Bill was to impose the penalty for breach of the Lord's Day Act on any person being a director, officer, superintendent or employee of a corporation;
2. The amendment will be ineffective inasmuch as it does not raise the minimum penalty imposed by the present statute;
3. The imposition of fines without imprisonment has no practical effect in offences against such a law as the Lord's Day Act.

When shall this message be taken into consideration?

Hon. Mr. MURDOCK: I move that the message be taken into consideration on Thursday next.

The motion was agreed to.

COPYRIGHT AMENDMENT BILL

INQUIRIES

On the Orders of the Day:

Hon. JOHN T. HAIG: Honourable members, before the Orders of the Day are called, I should like to ask the honourable leader of the Government (Hon. Mr. Dandurand), when we may receive a copy of the opinion of the Department of Justice on Bill 12, an Act to amend the Copyright Amendment Act, 1931.

Hon. RAOUL DANDURAND: My honourable friend might perhaps have asked his question when I moved that the Bill be referred back to the Standing Committee on Banking and Commerce. That motion was carried and the Bill is still before the committee. I was intending to give the committee the opinion of the Department of External Affairs and that of the Department of Justice at the same time. As there is nothing before the House just now relating to this matter, I shall in the meantime pass these two opinions to my honourable friend.

Hon. Mr. HAIG: I should also like to inquire from the honourable Chairman of the Standing Committee on Banking and Commerce when that committee will sit to consider this Bill.

Hon. F. B. BLACK: Honorable senators, at the present time I am not in a position to answer that question. Since coming back here to-day I have been given to understand that arrangements have been made for the special committee inquiring into the railway problem to hold sittings on Tuesday, Wednesday and Thursday of this week. If I am rightly informed in that respect, would it be possible to have this Bill taken up by the Banking and Commerce Committee on Friday of this week?

Hon. Mr. DANDURAND: I would draw the honourable chairman's attention to the fact that requests have been received from a considerable number of parties who desire to be heard before the committee. There will be time to notify them of the committee's next sitting, if that is to be on Friday.

Hon. Mr. BLACK: I should like to have the committee called for Friday, because if that is done it will be possible to notify persons who have intimated a desire to be present. As chaiman of the committee I have received from interested parties a number of inquiries as to the date of the next sitting.

Hon. Mr. DANDURAND: The committee could, of course, be called for some evening this week; but if we are to sit any evening, it may as well be on the railway inquiry. So Friday would be suitable for this committee.

ROYAL CANADIAN MOUNTED POLICE BILL

SECOND READING

Hon. Mr. DANDURAND moved the second reading of Bill 40, an Act to amend the Royal Canadian Mounted Police Act.

He said: Honourable senators, there are two main amendments in this Bill.

As the law now stands, it provides that the time served in the permanent forces of Canada may be included in the term of service of an officer for the purpose of pension under part II of this Act. This Bill inserts the words "naval, military or air" in the expression "permanent forces of Canada." It has not been clear under existing statutory definitions that the expression "permanent forces of Canada" included the naval and air forces as well as the military. It has always been the intention to include these services.

The other amendment has to do with reservists of the Royal Canadian Mounted Police. Honourable senators will remember that last year we created a reserve corps, and we enacted the following clause:

> Every member of such reserve on being called up for duty or training will be subject to this Act, and all rules and regulations made thereunder from the date of his being called up, which date shall be the day on which he is advised by registered letter to report himself for duty.

The Bill restricts the application of this section so that a reservist shall not be entitled to all the benefits of the Royal Canadian Mounted Police Act, such as pensions, etc., unless he is injured or killed on duty. Under the section enacted last year, reservists were entitled to all the privileges of the permanent police force.

Hon. C. C. BALLANTYNE: Honourable senators, I have no objection whatever to the naval and air services being placed on the same footing as the military in regard to pensions.

There are a couple of questions that I should like to ask the Government. Prior to 1922, when the Naval College was closed, a number of Canadian cadet graduates were placed every year in the Imperial Navy and paid by our own Government. If any of these cadets have joined the Canadian Navy, will the number of years they spent in the Imperial service count the same as if they had been spent in the Canadian Navy?

My second question is this. When the "Aurora" was in commission she carried a complement of something like 318, all ratings, and when she was tied up a great many of her officers and other ratings were sent adrift. If any of those who were then let out of the service have since rejoined, would the time they spent on the "Aurora" count for pension purposes?

Hon. Mr. DANDURAND: I am not in a position to give the information asked for by my honourable friend. My intention was to suggest that we go into Committee of the Whole on the Bill. If we finish with that stage to-night I shall give my honourable friend the desired information on the third reading to-morrow.

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

CONSIDERED IN COMMITTEE

On motion of Hon. Mr. Dandurand, the Senate went into Committee on the Bill.

Hon. Mr. Aseltine in the Chair.

Section 1 was agreed to.

On section 2—Act not to apply except as specified:

Hon. Mr. DANDURAND: That is a consequential amendment.

Section 2 was agreed to.

Sections 3 to 7, inclusive, were agreed to.

The preamble and the title were agreed to.

The Bill was reported without amendment.

PRIVATE BILL

SECOND READING

Hon. J. T. HAIG moved the second reading of Bill B2, an Act to incorporate the Workers Benevolent Society of Canada.

He said: The Workers Benevolent Society of Canada is now a provincial society in Manitoba, and the purpose of this Bill is to secure Dominion incorporation. The society carries on benefit and insurance work solely for the protection of its members and not for profit. It will be observed that by section 16 the Canadian and British Insurance Companies Act, 1932, is made applicable to the society.

I regret that I know the name of only one of the incorporators, but full information can be furnished when the Bill is before the Standing Committee on Miscellaneous Private Bills.

Hon. Mr. MURDOCK: Would the sponsors of this Bill kindly advise us who are undertaking to have the society incorporated?

Hon. Mr. HAIG: I had expected my seconder would be able to supply that information.

Hon. Mr. HARDY: Take it as read.

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

REFERRED TO COMMITTEE

On motion of Hon. Mr. Haig, the Bill was referred to the Standing Committee on Miscellaneous Private Bills.

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

THE SENATE

Tuesday, May 10, 1938.

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

Prayers and routine proceedings.

PRIVATE BILL

FIRST READING

Bill I2, an Act to incorporate the Roman Catholic Episcopal Corporation of Hudson Bay.—Hon. Mr. Côté.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. McMEANS, Chairman of the Committee on Divorce, presented the following Bills, which were severally read the first time:

Bill C2, an Act for the relief of Mary Elizabeth Fletcher Meigs Ballantyne.

Bill D2, an Act for the relief of Ada Alice Burns.

Bill E2, an Act for the relief of Marjorie Isabel Meldrum Anderson.

Bill F2, an Act for the relief of Alice Pearl Shaver Booth.

Bill G2, an Act for the relief of Mary Grace French Clarke.

Bill H2, an Act for the relief of John Gerard Ahern.

INCOME TAX COLLECTIONS—ONTARIO AND QUEBEC

INQUIRY

Hon. Mr. CASGRAIN inquired of the Government:

1. What was the total amount collected by the income tax during the last calendar year?
2. What was the total amount collected from Ontario during that period?
3. What was the total amount collected from Quebec also during that period?

Hon. Mr. DANDURAND: These are the answers to the honourable gentleman's questions:

Calendar year 1937.

1. $118,155,933.31.
2. $65,885,304.29.
3. $34,214,105.40.

My honourable friend, I am sure, will join with me in congratulating those two old provinces on being so prosperous as to be able to pay such large amounts of income tax, and will agree that our sympathy should go to those that cannot.

Hon. Mr. HARDY: To those who pay!

Some Hon. SENATORS: Oh, oh.

UNEMPLOYMENT AND AGRICULTURAL ASSISTANCE BILL

FIRST READING

A message was received from the House of Commons with Bill 105, an Act to assist in the alleviation of Unemployment and Agricultural Distress.

The Bill was read the first time.

PRIVATE BILL

MESSAGE FROM COMMONS—REFERRED TO COMMITTEE

A message was received from the House of Commons returning Bill E, an Act respecting the Restigouche Log Driving and Boom Company, with the following amendment:

After the word "company" in lines 17 and 18, insert the following words: "and of which he is a shareholder."

Hon. Mr. ROBINSON moved concurrence in the amendment.

Right Hon. Mr. MEIGHEN: I think the sponsor of the Bill might tell us the effect of the Commons amendment.

Hon. Mr. ROBINSON: I think I know what it is, though I have not heard much about it. The purpose of the Bill was to provide that the Restigouche Log Driving and Boom Company might appoint any of its employees a director. As the shares of the

original company are virtually all owned by companies, there was a little difficulty in getting directors; so the privilege was sought of appointing as a director any person who is an employee. In the House of Commons it was objected that this was not in accordance with the ordinary principle of company law, and that nobody could be a director who was not also a shareholder. Hence the amendment providing that a director must be a shareholder.

Hon. Mr. CASGRAIN: That is all right.

Right Hon. Mr. MEIGHEN: I feel more fortified now that I have the imprimatur of the honourable senator opposite (Hon. Mr. Casgrain)—

Hon. Mr. CASGRAIN: You could not get any better.

Right Hon. Mr. MEIGHEN: —but I do not see why a director should be an employee. Under the law a shareholder is entitled to be a director. As the Bill now reads, he may be appointed a director if he is an employee.

Hon. Mr. ROBINSON: Quite right.

Right Hon. Mr. MEIGHEN: It is a mystery to me. Many companies are owned by other companies, but they get their directors by placing shares in the names of individual employees merely for the purpose of qualifying them as directors. This company can do the same. Why it should not be allowed to make directors of persons who are not employees I do not know.

Hon. Mr. ROBINSON: I think the comment of the right honourable gentleman is very appropriate. But this is what was done in the House of Commons. I am only acting as sponsor of the Bill. I have no interest in it whatever. I understand that there was serious objection in the House of Commons to the way the Bill was drafted, and that as a compromise they put in these words. The matter appeals to me as it appeals to the right honourable gentleman—that if one is a shareholder that is all he needs to be. I cannot really see what made this amendment necessary. However, the Bill received the careful attention of the Commons, and passed in that way, and I bow to their decision.

Right Hon. Mr. MEIGHEN: I would suggest that the amendment, instead of being now confirmed, be referred again to our Private Bills Committee, by whom it can easily be re-worded so that any shareholder can be a director, as is the case with any other company, and there will be no exception in this instance. There may be the additional advantage of listening again to the honourable senator whose voice we so rarely hear.

Right Hon. Mr. GRAHAM: Not a few companies to-day are taking their employees more and more into their confidence, and are giving them shares so that they may have something to say about the management.

Right Hon. Mr. MEIGHEN: That is quite right.

Hon. Mr. ROBINSON: I quite agree to the suggestion made. I am not quite clear in my own mind on this. I will move that the amendment be referred to the Committee on Miscellaneous Private Bills, if it is in order to do so. I may be wrong.

The Hon. the SPEAKER: May I suggest to the honourable member that the message be taken into consideration to-morrow?

Hon. Mr. ROBINSON: Can the message be referred to a committee?

Right Hon. Mr. MEIGHEN: Yes.

Hon. Mr. ROBINSON: Then I move that the message be referred to the Standing Committee on Miscellaneous Private Bills.

The motion was agreed to.

ROYAL CANADIAN MOUNTED POLICE BILL

THIRD READING

Hon. Mr. DANDURAND moved the third reading of Bill 40, an Act to amend the Royal Canadian Mounted Police Act.

He said: Honourable senators, the honourable senator who was leading the other side of the House last night (Hon. Mr. Ballantyne) put a couple of questions to me apropos of this Bill. I told him that I would procure the answers and give them on third reading. I now have the following statement from Colonel L. R. LaFleche, Deputy Minister of the Department of National Defence:

With reference to the Debates of the Senate, No. 27, dated May 9, 1938 (page 304), in which the Hon. C. C. Ballantyne asks the following questions:

(1) Prior to 1922, when the Naval College was closed, a number of Canadian cadet graduates were placed every year in the Imperial Navy and paid by our own Government. If any of these cadets have joined the Canadian Navy, will the number of years they spent in the Imperial service count the same as if they had been spent in the Canadian Navy?

(2) When the "Aurora" was in commission she carried a complement of something like 318, all ratings, and when she was tied up a great many of her officers and other ratings were

sent adrift. If any of those who were then let out of the service have since rejoined, would the time they spent on the 'Aurora" count for pension purposes?

I have the honour to advise you as follows:

(1) All time served by officers of the Royal Canadian Navy in H.M. ships and establishments counted for all Canadian Naval purposes, on exactly the same basis as time served in H.M.C. ships and establishments.

(2) All time served by officers and ratings in the Royal Canadian Navy prior to 1922, in respect of any officers or ratings discharged and subsequently re-entered, counted as time for all Canadian Naval purposes, including pension time subject to the provisions of the Pension Act.

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

DIVORCE AND MATRIMONIAL CAUSES BILL

REPORT OF COMMITTEE

On the Order:

Consideration of the report of the special committee to whom was referred back Bill B, an Act respecting Divorce and Matrimonial Causes.—Hon. Mr. Tanner.

Hon. Mr. TANNER: Honourable members, I move that this Order be discharged and set down for consideration at the next sitting of the House.

Right Hon. Mr. MEIGHEN: Honourable gentlemen, the special committee on Railways stands adjourned until 4 o'clock this afternoon. If this Order is now set over until to-morrow, we shall have half an hour during which we can do nothing. I suggest we go ahead with the debate until 4 o'clock.

Hon. Mr. CASGRAIN: Hear, hear.

Hon. Mr. BEAUBIEN: Hear, hear.

Hon. Mr. TANNER: I made the motion at the request of the honourable leader of the House.

Right Hon. Mr. MEIGHEN: I am making the suggestion on my own responsibility.

Hon. Mr. DANDURAND: Since I suggested that this matter be adjourned, my right honourable friend has proposed that we should go on until 4 o'clock. I have had no time to turn around and ask the honourable senator from North York (Hon. Sir Allen Aylesworth) whether he is ready to proceed. I had told him the Order would be postponed until to-morrow.

Hon. SIR ALLEN AYLESWORTH: Honourable senators, I wish to acknowledge gratefully the kindness and courtesy of the honourable chairman of the special committee (Hon. Mr. Tanner) in moving last week that consideration of this report should stand until to-day.

I notice in reading Hansard of last Thursday that a suggestion was put upon the record that if I wished to say anything with reference to this Bill I should come prepared with amendments. I have not attempted to prepare any, for the reason that there is no amendment I can think of that would make the provisions of this Bill any the less objectionable to me than they already are.

I am opposing adoption of the report of the committee because they have not taken out of the Bill sections that I think would better have been taken out, and because sections of it are there which to my mind are not within the competence of this Parliament to enact.

When consideration of the report was first moved last week the honourable the junior member from Winnipeg (Hon. Mr. Haig) stated that his objection to the committee's report consisted, in the first place at any rate, in the fact that they had recommended dropping from the Bill the clause which limits, or tends to limit, the extent of divorce proceedings that may be undertaken; the clause that provides for a three years' trial marriage—I suppose one may call it—before any application for divorce could be entertained. The honourable gentleman desired to oppose adoption of the report because it recommended dropping that clause. I, too, oppose adoption of the report, and with regard to that particular clause which has been dropped, I think it is the only one in the Bill that I should be willing to support and content to have appear upon the Statute Book: it is the only clause which in any way seeks to limit the operation of our divorce law.

Because I am opposed to the whole Bill, as well as to this report, which does not strike out enough of the Bill, I have no doubt that what I wish to say in opposition would be more in point if the report had been adopted and the motion before the House were for third reading of the Bill. But I shall at once refer to the clauses which to me seem certainly not within the competence of this Parliament, and which therefore, in my opinion, ought to have been taken out of the Bill by the committee.

Our right to deal with the subject depends entirely upon the language of the British North America Act—our Constitution. I ask honourable members to consider the exact limitations upon the jurisdiction and authority of this Parliament.

In the first place I refer to section 92. What is the authority of provincial legislatures with reference to this subject of marriage? The section provides that in each province the Legislature may exclusively make laws relating to matters coming within the subject;—and then the subject follows: the solemnization of marriage in the province. With reference, then, to matters coming within that description, "the solemnization of marriage in the province," power to legislate is purely and wholly a provincial matter.

Section 91, which defines the jurisdiction of this Parliament, fits in exactly with the language of the other section. It provides that it shall be lawful for Parliament to make laws in relation to all matters not coming within subjects assigned exclusively to the legislatures of the provinces. Wherever you have any subject assigned exclusively to the legislatures of the provinces, then that subject is one in relation to which the Dominion Parliament has no power to legislate. Accordingly, all matters relating to the solemnization of marriage are for provincial legislation, not in any way for Dominion legislation. The general subject of marriage is within the competence of the Dominion Parliament; but out of that larger field is taken the particular matter of the manner in which the marriage contract can be validly entered into, and upon that particular branch of the general subject of marriage this Parliament has no power to legislate.

Now, I ask honourable senators to consider the next subject upon which power to legislate is conferred by the Constitution—divorce. As to divorce, provincial legislatures have no power whatever; the whole subject of divorce is for this Parliament, and for this Parliament alone, to legislate upon. But in this connection we must remember what divorce is. A definition of it is given by someone who prepared the explanatory notes to this Bill; and I would not seek to offer any better definition. "Divorce means," it is said, "dissolution of marriage." There you have it in three words. Divorce necessarily assumes a valid marriage. If the marriage is not valid there can be no dissolution of it; it does not exist. Divorce, therefore, applies only to cases where there is existing a marriage which is valid, and that marriage is the one dissolved by the divorce.

Accordingly, where the question is as to the validity of the marriage, it is a subject not of divorce at all, but of a proceeding for declaration of nullity—for declaration that the marriage never possessed legal validity. And that is exactly the matter which, by the British North America Act, is assigned to the provincial legislatures alone. As those legislatures have the exclusive authority to enact the manner in which marriage is to be solemnized, so it necessarily follows that the proceeding to have some competent authority declare that a particular marriage never did possess legal validity is one entirely under control of provincial legislation.

That is the point of my objection as to the clauses of the Bill that I am about to refer to. But before doing that I want to say just one thing more about the necessary and complete distinction and difference there is between divorce and proceedings for the nullifying of marriage. Divorce necessarily proceeds upon the assumption of a valid marriage to start with, and then the ground for divorce must be, and always is, something which has taken place after the valid marriage has been entered into. A proceeding to annul a marriage is utterly different; in fact, in many senses, it is the exact reverse. A proceeding to declare a marriage null takes place upon the ground of something which existed at or before the time the contract of marriage was entered into. It is a proceeding to have it authoritatively declared that there never was a valid marriage. And that makes the distinction between the Dominion's jurisdiction over divorce, which is exclusive, and the jurisdiction of the province over proceedings for annulment, which is equally exclusive.

The committee have seen fit to leave in the Bill sections 12, 13, 14 and 15. None of those sections deals with divorce at all. Each of them deals with this proceeding for annulment. Take section 12. The sidenote is:

New grounds for decree of nullity.

Then the section states the new grounds. I hardly need to refer to them in detail. But suppose it is found by the courts that one of the parties to the marriage was subject to recurrent fits of insanity or epilepsy: that is to be a ground for setting aside the marriage. My submission is that this Parliament has no power to make it so. That is a matter with regard to which provincial legislatures alone have authority to pass laws.

On the second reading of this Bill there was some discussion about newspaper reports of decisions for annulment from one of the provinces of this country, and I think that if I had heard it, I should have liked to take part in it at the time. With reference to such decisions I would suggest that newspaper writers, and everybody else, ought to remember that they are decisions of judges of the courts. Those judges have simply the

duty to administer the laws that are put before them. Each province has the right to make its own laws with reference to the manner in which a marriage within its territory must be solemnized. If any provincial legislature chose to say that within its province marriage should be solemnized only by the parties appearing before some appointed officer of the Crown and registering their desire or consent to be married, that provincial legislature would have perfect authority so to legislate; and if it did so legislate every judge of that province would be compelled of necessity to hold that the solemnization of marriage in that manner was the only legal form of solemnization so far as that province was concerned. Equally is it true that if the law of any province provided, as the law of the old province of Upper Canada did for many and many a long year after the province was first settled, that marriages could be solemnized only before a priest of the Roman Catholic Church or a priest of the Anglican Church, that law would have to prevail. And when people in some other province complain that in, say, Ontario, judges are holding a marriage invalid because it was not solemnized before a clergyman of some particular church, it ought to be remembered that the law of the province required the marriage to be so solemnized, and that the judge could do nothing under the law but administer it as he found it. The question of what the provincial law ought to be is none of our business; that is for each provincial legislature; and no doubt each provincial legislature makes its marriage laws, just as it makes its other laws, those which the majority of its people want.

Now, to come back to the section that I was discussing, it is here proposed that the Dominion Parliament should enact a clause which would afford a new and additional ground for annulling a marriage, declaring that a marriage which has been solemnized according to the law of the province never had any legal validity, because one of the parties was liable to recurrent fits of epilepsy. Well, I do not know why epilepsy should be singled out as the one disease of the body which would justify the annulment of a marriage. The old-fashioned idea used to be that marriage was to be for better or for worse; that if, by affliction, one of the spouses needed the more the help and sympathy of the other in a case of illness, or even in the case of insanity, that was the very time when the sanctity of the marriage contract ought to be most carefully observed. But under this Bill the affliction of insanity is a ground for divorce. If an unfortunate married woman becomes insane, she has no right to any further claim upon the protection of a husband who wants to get rid of her. If this Bill becomes law, he may divorce her as soon as he can get into court to take the necessary proceedings.

As to the provisions affording additional grounds for annulling marriage, I content myself for the moment with pointing out that they are to my mind clearly beyond the competence of this Parliament to enact.

In one of the subclauses of section 13 it is provided that any child born of a marriage which has been annulled upon a certain ground shall be a legitimate child. Surely nothing could be a plainer invasion of the exclusive power of the provincial legislatures to legislate upon a question of civil rights, upon a question of the status of the individual. Here is a child born of a marriage which some competent authority afterwards declares never had any legal validity. But this merciful legislature, this Parliament of Canada, is saying that that child, none the less, shall be legitimate. Well, the legitimacy of that child, however proper it might be to declare it, is a matter with regard to which I venture to express the clear opinion that this Parliament has no power in the world to legislate.

The clauses which follow are really but riders. Section 14 empowers the provincial court—for, of course, it is a provincial court always—to order the provision of alimony and the settlement of the wife's property. That is something the provincial courts have been doing ever since they were constituted, without any regard to nullification of marriage or to divorce. They had nothing to do with those things, but through all the years that the courts have existed, in Ontario at any rate, the power to award alimony to a deserted wife has frequently been exercised. The settlement of the property of the wife is another subject that is so clearly within the exclusive jurisdiction of the provincial legislature over property and civil rights within the province that it seems idle to labour the question at all.

But subclause 2 of clause 14 of the Bill goes even further. It says:

> The court may, if it thinks fit, on any decree of divorce or nullity of marriage, order the husband, or (in the case of a petition for divorce by a wife on the ground of her husband's insanity) order the wife to secure for the benefit of the children such gross sum of money or annual sum of money as the court may deem reasonable.

What on earth has this Parliament to do with a matter of that sort? A few years ago, when it was proposed here in this House to transfer the jurisdiction over divorce to the courts of Ontario, I opposed the proposal as

strongly as I could, upon the simple ground that it was widely opening the door to the increase of divorce applications in the province. The answer that was made across the floor from the honourable member who was then chairman of the Divorce Committee was, "But we have no power over alimony, the custody of the children, or provisions for the wife or child." Well, surely my honourable friends who favour legislation of this sort cannot have it both ways. When they wanted to widen the power to divorce by transferring it to the courts of the province they argued, in favour of their proposal, "We have no power over alimony or the custody of the children." I agree that that is true. But now, when additional grounds for nullification are sought to be conferred upon the provincial courts, the argument is turned just the other way, and it is now proposed that this Parliament empower those courts to award alimony, to settle property for the maintenance of children, and to deal with the whole matter as only a provincial court and a provincial legislature have power to do.

I might notice, just in finishing, the clause to which the honourable gentleman from Ottawa (Hon. Mr. Côté) called attention the other day, providing that no clergyman shall be compelled or bound to solemnize the marriage of any person whose former marriage has been dissolved on any ground. Did anyone ever hear, in this country, at any rate, of any clergyman being compelled or bound to solemnize a marriage if he did not want to do it? Or is there any pretence for speaking of this provision as something necessary? It seems to me a wholly ridiculous thing, so far as this country, at any rate, is concerned. I suppose such a clause is in the English Act, of which this Bill is said to be in part a copy; and possibly recent public events in connection with the marriage of the most prominent man in the Empire had something to do with the enactment of this particular clause. So far as Canada is concerned, it would seem to me to be like the proverbial chip in porridge: no good, certainly, and perhaps not particularly harmful. But I wonder that the committee should have thought it advisable to leave such a clause in a Bill to be placed upon our Statute Book.

As to the whole matter, I am root and branch opposed to this legislation. I intend, if given the opportunity in a recorded vote, to vote against the third reading of the Bill, no matter what, if any, changes are made in it before that time comes. And I put it, for myself, at any rate, upon this short and simple ground. It is not on my part any conscientious feeling that marriage is necessarily a sacrament of the Church, but I know that conscientious feeling is deep-rooted in the hearts of many, many of my best friends, and I am not willing to sit in Parliament and concur in putting on the Statute Book anything which would do violence to their conscientious, solemn, sacred matters of belief and creed.

On motion of Hon. Mr. Lynch-Staunton, the debate was adjourned.

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

THE SENATE

Wednesday, May 11, 1938.

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

Prayers and routine proceedings.

DIVORCE AND MATRIMONIAL CAUSES BILL

REPORT OF COMMITTEE—DEBATE CONTINUED

The Senate resumed from yesterday the adjourned debate on the report of the Special Committee to whom was referred back Bill B, an Act respecting Divorce and Matrimonial Causes.

Hon. GEORGE LYNCH-STAUNTON: Honourable members, I do not intend to discuss this question on the ground which Catholics usually take when discussing it. I know that in divorce matters the question of religion and morality is "out of the window." We Catholics do, as the honourable member from North York (Hon. Sir Allen Aylesworth) stated yesterday, conscientiously object to divorce. We do so because we are brought up to accept the teachings of our Church. We must, if we are proper members of the Roman Catholic Church, listen to our teachers, and I, from my childhood, have been taught to obey the injunction which every clergyman addresses to people who are about to marry: "What therefore God hath joined together, let not man put asunder." We, as you have heard repeatedly—and I am not going to refer to it in extenso—believe, as do many other Christians, that matrimony is a mystic union. There are others who regard it as a commercial deal. Those who regard it as a commercial deal cannot be expected to accept our point of view, and we who regard it as a religious and moral question cannot be expected to accept their point of view. There is no use in their addressing their arguments to us, nor in our addressing our arguments

to them. We are not free to consider this as a matter of public policy; we are bound by our consciences; we must consider it from the religious point of view. They, on the other hand, feel free to consider it from the commercial point of view. I shall, therefore, speak no further on that.

Hon. Mr. HAIG: Will my honourable friend permit a question? He mentioned the business point of view. Does he mean the civil point of view?

Hon. Mr. LYNCH-STAUNTON: The commercial point of view; the civil point of view.

Hon. Mr. HAIG: The civil point of view.

Hon. Mr. LYNCH-STAUNTON: That is what I mean. I have heard it argued here that marriage is a mere contract, nothing more and nothing less.

Now, divorce is a modern invention. It was unknown in the British Empire until 1858 or 1859. Prior to that time the old canon law, which is not the law that binds us now, prevailed throughout the Empire. There were one or two divorces granted, but they were granted by special Act of Parliament. Then divorce came in, and we have it in its modern guise. But formerly, so far as I know, it prevailed only among uncivilized nations, Mohammedans and people of that kind.

I now come to my real consideration of the Bill. The honourable member from North York (Hon. Sir Allen Aylesworth) gave an opinion which, though it was only an opinion, convinced me as being absolutely reliable until I hear the other side. I think with him—I am not speaking now from any religious point of view at all—that this Bill has been hurriedly considered and loosely drafted, and is one piece of legislation which should not be passed, at least until we have had the opinion of the Minister of Justice, or the Department of Justice. The English Parliament has absolute jurisdiction, and can pass any legislation with regard to any subject it chooses. In most matters this Parliament has not absolute jurisdiction. Certainly it has no jurisdiction over contracts, and it has only partial jurisdiction over subjects relating to matrimony. It is admitted or assumed on all hands that the provincial governments have some jurisdiction, and the British North America Act says that wherever they have jurisdiction the Dominion has not. There cannot be concurrent jurisdiction. I think that the Parliament of Canada should be as sure as it can be that it is acting within its jurisdiction before it enacts any law. It ought not to take a chance and say: "We do not know whether this is within our jurisdiction or not, but let us pass it. We may get it slipped through." This is particularly applicable to legislation in divorce matters, because nobody will question such legislation. Divorces are always frame-ups, and when a divorce is obtained nobody will appeal.

Down in Quebec there is a great deal of criticism of some actions of the courts. But you must remember that when anyone in Quebec applies to the courts for a divorce, both parties to the marriage want a divorce and as a rule neither party will appeal if the application is granted. One man did appeal, and the High Court set aside the judgment. That is the trouble with this divorce legislation, that you can pass the most absurd and most outrageous law and neither the petitioner nor the respondent in a divorce action will appeal against that law, because both want a divorce. Everybody knows that. And everybody knows that all this hotel evidence given in divorce cases is framed; yet nothing is said about it.

So, I say, we should be very careful here to pass only legislation which we have a right to pass, and when the most eminent lawyer in this Dominion, a former Minister of Justice, one who has had the greatest legal experience of any man now living in this country and whose sincerity nobody can question (Hon. Sir Allen Aylesworth), tells this House that certain clauses of the Bill are beyond the jurisdiction of our Parliament, we should respect that opinion, and inquire into it to ascertain whether it is right or wrong beyond a doubt, before we proceed.

I want to draw the attention of honourable members to a few things that I think are incongruous, at least. In one clause of the amended Bill, as reported by the committee, cruelty is defined. I wish to discuss this, not in its logical sequence, but according to the Bill. The committee has inserted this definition:

"Cruelty" means legal cruelty, as interpreted and construed by the High Court of England in divorce and matrimonial causes.

What does that mean? It means that lawyers and judges must read innumerable cases to interpret that word. If the English courts have crystallized the definition, as a dictionary writer does, why does the committee not use that definition? The committee says, in effect: "There is the library. Go and find out what cruelty is. There are only a couple of hundred thousand books to look through; so the research will be easy. You must start from the beginning and hunt all through the cases to find out what cruelty is."

According to some people, cruelty justifying a divorce has consisted in the fact that a wife went to bed with cold feet; in other instances that she nagged her husband; in others that he nagged her.

Hon. Mr. POPE: What?

Hon. Mr. LYNCH-STAUNTON: That he nagged her. Perhaps the honourable gentleman and I do not know what that is. We have had no experience of it.

Hon. Mr. POPE: Quite right.

Hon. Mr. LYNCH-STAUNTON: Cruelty may be mental or physical. It is cruelty to desert a wife for a month. I am glad I shall not have to study all those books, for I am out of practice now. I suppose the members of the committee did not know what cruelty was and they said, "That is a good phrase; we will put it in."

Next, they have struck out the most statesmanlike, the wisest and best provision that I ever saw in legislation of this class. I believe the man who inserted that clause in the Bill was thinking of what he was doing. It says:

> No petition for divorce shall be presented to or entertained by the court until a period of three years shall have elapsed since the date of the marriage.

Were there ever two persons who in the early days of their marriage did not have disagreements? Have not some of those disagreements been serious? Have they not induced the husband or the wife to go away? When a young man I knew a young woman who left her husband the first week after marriage. She did not return to him for a year. She brought up a family and lived to be a woman of eighty years of age. Her family, of course, are all grown up and have not to reflect with regret that they are the children of an abandoned mother or an abandoned father. In the first three years of married life husband and wife will become well acquainted. Many couples marry after an acquaintance of only a week or two weeks. If two young and inexperienced persons can live together without any serious disagreements, a separation on some trivial quarrel would be something which they might lament for the rest of their lives. I repeat, I think that clause was the one piece of statesmanship in the whole Bill. And it is struck out. I am very, very sorry.

Another clause, paragraph (b) of section 12 as in the Bill, has to do with insanity. The numbering of the sections has been altered, though the report does not say so. That section reads:

> Subject to section thirteen, in addition to any other grounds on which, in the province and in the court to which the petition has been presented, a marriage is by law void or voidable, a marriage shall be voidable on the ground (b) that either party to the marriage was at the time of the marriage either of unsound mind or a mental defective within the meaning of any statute in force in the province of the court concerned or subject to recurrent fits of insanity or epilepsy.

If they had said that insanity was a ground for nullity, the applicant would have been bound to satisfy the court that the defendent was of unsound mind. But they say: "No; here it is not necessary to prove it. All you must do is show that he has been confined in an insane asylum, or has been under control as a lunatic or a person of unsound mind." Now, our statute in Ontario provides that a person who is unable to look after himself or his property is of unsound mind. It stops there. Any two doctors may certify that a man is of unsound mind; that is to say, that he is unable to look after himself or his property. Then he can be put into a lunatic asylum. You read the other day of a man who was confined in the sanitarium at Guelph at the instance of his wife and on the certificate, I presume, of two doctors. I do not know definitely as to that, because the case came from Quebec. In any event, the wife got possession of his property. He says that he never was of unsound mind at all. But he has no remedy. In this province, if any two doctors who are not relations certify that a man is crazy, he goes to the asylum. He may not get out before five or six years. I know of many who have been detained as long and have then been discharged as sane. Some wife might "frame" her husband and get two doctors to say that he was insane. In other words, if they said he could not look after himself and his property—and many people who do not think they are insane cannot do so—he would be immured in an insane asylum, and if the wife asked for a divorce the court would be bound to give it. The court cannot inquire whether or not he is sane. She has only to prove that he was in the asylum for the necessary length of time.

Some Hon. SENATORS: No, no.

Hon. Mr. LYNCH-STAUNTON: I should like someone to point out anything to the contrary in the Bill. I have not been able to find it. I know my honourable friend (Hon. Sir Allen Aylesworth) thinks it is awful, terrible, absurd, that there should be such a law, and I quite agree with him. That, to my mind, is a serious enough question to be discussed.

Then there is a clause that I am sure must have been drawn by an Irishman, for I do not believe even the Pope ever made a more extraordinary bull. It provides that if a man is absent for a certain number of years and there is no reason to think he is alive, the court shall presume that he is dead and shall thereupon divorce him from his wife. This is the first time I have heard of a living person and a dead one being divorced.

Hon. Mr. McMEANS: Are you sure it is a question of divorce? Does it not say "annulment"?

Hon. Mr. LYNCH-STAUNTON: I think it is divorce.

Hon. Mr. GRIESBACH: Quote the section.

Hon. Mr. LYNCH-STAUNTON: I may be wrong. Yes, it is "nullity." Well, the court can declare the marriage null. I can make my point just as well on that ground as on the other. According to the English acceptation of the word "nullity," it means the marriage never took place.

Hon. Mr. McMEANS: No.

Hon. Mr. LYNCH-STAUNTON: In law. Well, if the man deserted his wife there must have been a legal marriage, and I would ask why the court should proceed to annul the marriage if the man is dead. I think that whoever drafted the Bill should have written, for all purposes, that when a man is missing for seven years and there is no reason to believe he is alive, the law would presume him to be dead. If a man is presumed to be dead, his wife can get married and his estate can be administered. Why should the courts pass any kind of judgment after they have found out that the man is dead? Perhaps my honourable friend who introduced this Bill did not want it to pass, and made it as absurd as possible.

Hon. Mr. McMEANS: It does not say that at all.

Hon. Mr. LYNCH-STAUNTON: Then, nullity proceedings, I submit—this is only my opinion—are entirely within the jurisdiction of the provincial courts. I certainly have always thought so, and the judges of Ontario have always thought so, for they have entertained case after case and given judgment after judgment on the question of nullity on the grounds set out in this Bill.

Now, there is one thing more.

Hon. Mr. McMEANS: It does not say "annul"; it says "dissolve."

Hon. Mr. LYNCH-STAUNTON: That is section 12, paragraph (a). Long before there was a Divorce Act here, I myself defended a husband in an action for nullity brought by his wife on the ground of impotence, and the judge never thought of saying he had no jurisdiction. Now, if the court in the province has jurisdiction in nullity, why do we legislate regarding it?

In any event, I submit that any person introducing such a Bill as this should not only be prepared to say, "You are wrong, all wrong," but should be able to prove it by citations from the statutes or from decisions of the courts. My assertion in a court of justice that something is right and your assertion that it is wrong do not end it. There is an umpire. Some of us in this Chamber assert that this Parliament has no jurisdiction. Such is my humble opinion, and the opinion of one whom I regard as the best authority in this Chamber. This should be sufficient to give us pause, and we should search as far as possible to find whether we have jurisdiction or not. If we have no jurisdiction to pass legislation of this kind we are bedevilling things terribly; and I would remind you that the law would never be repealed, because few persons ever go into the divorce court.

Hon. Mr. McMEANS: It is a very fashionable court.

Hon. Mr. LYNCH-STAUNTON: Oh, yes, it is fashionable, especially in good society. My honourable friend is right for once.

Under paragraph (c) of section 12 it is provided that a marriage may be nullified on the ground that the respondent was at the time of the marriage suffering from venereal disease of a communicable form. Well, if he was, are you going to turn him loose on someone else? It seems to me a dreadful thing to say that a person who has a communicable disease should be let loose on the community and made free to marry someone else and carry the glad tidings wherever he goes.

Hon. Mr. McMEANS: That is a strong argument.

Hon. Mr. LYNCH-STAUNTON: Surely it ought to be provided that these lepers, these diseased people, shall not be given permission to marry again. What is the use of that? I do not think we should play any favourites.

Hon. Mr. ASELTINE: Have not the provinces a law now to the effect that before a man may be married he must undergo a physical examination?

Hon. Mr. LYNCH-STAUNTON: Not that I have heard of.

Hon. Mr. ASELTINE: We have it in Saskatchewan.

Hon. Mr. LYNCH-STAUNTON: If that is the law, what is the use of putting this in?

Hon. Mr. ASELTINE: It applies to one province. I do not know about the others.

Hon. Mr. LYNCH-STAUNTON: Well, there are some curious laws. But if that is the law in all the provinces there is no necessity for this, because all married persons will have Government certificates to show that they are sound of wind and limb, and otherwise. At all events, I think we ought to provide that diseased people of the class referred to shall not marry again. That, I think, is worth considering.

Hon. Mr. McMEANS: They might be cured, you know. Then it would be all right.

Hon. Mr. LYNCH-STAUNTON: Apart from all my conscientious objections, which I have put aside for the purpose of considering this Bill, I shall be willing to admit that I am wrong in my assertions if any person will show me that the law is not as I have stated it.

Right Hon. ARTHUR MEIGHEN: Honourable senators, I do not desire to speak on the subject of the merits of this Bill in the sense in which I ventured to offer a few remarks some weeks ago, nor particularly with relation to the nature of marriage itself and the obligations of those of certain religious beliefs as respects the sanctity of its contract. What I want to speak about, solely, is the question of jurisdiction, with special reference to the address delivered yesterday by the very distinguished senator from North York (Hon. Sir Allen Aylesworth). I cannot help, though, making a comment on certain words spoken by the honourable senator from Hamilton (Hon. Mr. Lynch-Staunton). He said that persons of his religious faith regarded marriage as having a religious sanction, and that others regarded it as a mere commercial contract.

Hon. Mr. LYNCH-STAUNTON: "Some others," I said. There are many people not of my faith who regard marriage as I do.

Right Hon. Mr. MEIGHEN: I did not take the meaning that no doubt the honourable gentleman desired to give, which he now repeats. I have only this comment to make: I know of no religious denomination which regards the marriage contract as of nothing beyond commercial significance, nor do I know of any which does not regard it as a religious ceremony, with religious sanction.

The honourable senator from Hamilton quotes, as affirmative of his final conclusion that there can be no breaking of that contract, the words of Scripture, "What therefore God hath joined together, let not man put asunder." I wonder whether there is any real difference, in relation to the injunction of Scripture, between a declaration of nullity and a declaration of divorce. If in one of our provinces—similar remarks would apply to others—the law enacts that no person below the age of twenty-one may marry without parental consent, and therefore a marriage consummated by a person under twenty-one without parental consent may be declared by the courts as a nullity, is it to be said that on the marriage of a young girl of twenty years there has been no joining together at the hands of God, but on the marriage of a girl of twenty-one the Deity has interposed?

But I confine myself to the question of the authority of Parliament to pass this legislation. I differ very firmly from the words of the honourable senator who has just taken his seat (Hon. Mr. Lynch-Staunton) to the effect that the measure is loosely drawn. I had nothing to do with the composition of the Bill, but I have made some study of it, particularly of late days, and I regard it as one of the most carefully drawn measures which have ever come to my attention. Of course, a Bill may be carefully constructed and yet transcend our powers, but I am convinced the utmost care has been taken to keep within the limits of the jurisdiction of this Parliament in territory perhaps as subject to dispute as any that could possibly be exposed to us for attention. I have the greatest regard—we all have—for the views in matters of law, constitutional and other, of the honourable senator from North York (Hon. Sir Allen Aylesworth). I do not set myself up as at all fitted by experience or equipment to combat a position which he deliberately takes after careful study, but I venture in this case to hold and expound an opinion wholly opposite to his own, and to justify myself only because I believe that he has not given to the question that thorough review which is essential in the circumstances.

The problem of where the line of division lies between the Federal Parliament and the legislatures of our provinces in respect of matters related to marriage has puzzled me for many a long day. The honourable senator from North York correctly quotes section 91 of the British North America Act as specifically conferring upon this Parliament jurisdiction in respect of, first, marriage, and,

second, divorce, and section 92, as specifically conferring upon the provincial legislatures jurisdiction in respect of the solemnization of marriage. That the power in respect of solemnization of marriage is exclusive no one can dispute. That Dominion jurisdiction wherever specifically conferred is always exclusive is equally beyond dispute. So we must address ourselves to a discussion of what is included in the term "solemnization of marriage," and, on the other hand, what naturally and inevitably falls under the terms "marriage" and "divorce."

As to divorce, there is no controversy. The honourable senator from Hamilton has rightly said that divorce never had its source in the common law of England, nor could any court of England give a decree of divorce prior to the passing of the Matrimonial Causes Act of 1858. But there had grown up a jurisprudence as respects marriage, and one has to give the closest attention to the development of that jurisprudence as respects marriage, or, as it was there termed, matrimonial causes, in order to be able to understand clearly what must be the meaning of the term "marriage" as expressed in section 91 of the British North America Act.

I approach the subject in this way first. If the honourable senator from North York is correct in his contention that legitimacy is not included within the term "marriage," and that legislation as to legitimacy is not within our purview arising out of our marriage jurisdiction; if he is right in his statement that provisioning for children when a valid marriage is afterwards declared void for cause is also something not within our purview under our marriage jurisdiction; if, further, he is right in saying that it is beyond our powers to provide that for stated statutory reasons a marriage initially valid may be declared void, I should like the honourable senator to tell me, when he can, what there is in the word "marriage" in the British North America Act that gives us any power to enact anything at all. I affirm, after a careful review, that if all these matters included in this Bill are really beyond our legislative authority, as they are by him asserted to be, then there is nothing at all upon which we can legislate under that marriage jurisdiction. I have put this question to a great many persons. I first put it to myself, and I have posed it to other lawyers, old and young, and have given them days to come with an answer, but I have never yet had an answer. In a word, then, the argument of the honourable senator from North York means that the jurisdiction which the British North America Act conferred on this Parliament in respect of marriage was a pure illusion and gave us no authority to legislate on anything whatever.

If someone advances the argument that our marriage jurisdiction gives us power to legislate as to who is qualified to be married, all I need do is quote the Privy Council in the celebrated reference now known as the Lancaster case, where it is declared that the provinces, because of their authority under solemnization of marriage, can say who is competent to enter into the marriage state; in a word, that they, and they alone, can legislate on matters affecting the validity of marriage. Therefore this conclusion follows, that under the British North America Act we get jurisdiction, not at all in respect of marriage, but only in respect of dissolution of marriage, that is, in matters of divorce.

I suggest to honourable members that we are thus brought to a reductio ad absurdum. Never could it have been intended by the framers of that law, and by the great Houses of Parliament which passed it, that a Parliament created here in Canada should be told that it had authority to legislate in respect of marriage, if the words of the statute giving that authority were mere breath and air and meant nothing at all.

Then we must proceed to inquire what there is in respect of marriage upon which we can legislate. There are some things in respect of marriage upon which we cannot pass laws. We cannot pass laws upon that aspect of marriage which is denominated in the British North America Act the solemnization of marriage. Possibly the word "aspect" is inadequate: what I refer to is really the creation of the marriage itself. And under the Lancaster case we have to include within the ambit of the words "solemnization of marriage" the capability of entering into a marriage contract.

Now I want to put this postulate to the House, and I hope to support it with convincing argument—it has convinced me—that we can legislate in respect of marriage, minus the solemnization of marriage, over the whole field. No one would dispute that assertion put just in that way. But when we come to survey the territory included in that phrase "over the whole field," the name of the field being marriage, then we must be careful.

The British North America Act was passed in 1867. As I stated before, there existed at that time a law of divorce, enacted in 1858. Prior to that there was no law of divorce, but a distinct, definite, highly-developed jurisprudence in respect of matrimonial causes; and the ecclesiastical courts of England gave effect

to the common law in respect of matrimonial causes, and included in those matrimonial causes are all causes affecting marriage. Matrimonial causes, all through the centuries, were held by the courts of England to be embracive of everything denominated a cause related to marriage, and included, it need hardly be added, matters of nullity, whether antecedent to or coincident with the marriage, or matters that would give rise to a declaration of nullity afterwards because of voidability of the marriage. All those things were included in the historic term "matrimonial causes." The field extended further. It took within the authority of the courts, under this common-law jurisprudence, alimony, legitimacy of children, provisioning for children, jactitation of marriage—all these causes having to do with matrimony and the matrimonial state. I submit these facts must have been within the contemplation of the legislators at Westminster when they used the word "marriage" in the British North America Act. Marriage as understood in the law of England was accepted in the courts of England as comprehending the various things I have named, all related to marriage, all arising out of the marriage state. If those things were not in the mind of the legislators at Westminster in 1867, then, when they used the word "marriage" they had nothing at all in mind.

It is argued against this view that when a legislature sets to work to provide, let us say, for damages assessed against an adulterer —also a matrimonial cause—this is a matter of civil rights, and therefore provincial. It was very forcibly asserted by the honourable senator from North York (Hon. Sir Allen Aylesworth) yesterday that the legitimacy of a child is a matter of civil rights, and therefore wholly within the ambit of the province. It is contended that the provisioning for children who are a product of a marriage made void is also a matter of civil rights and also wholly a provincial power. All this, I venture to suggest to the House, arises from a misconception of the very genius of the British North America Act itself. Everything naturally included within a named power, or reasonably ancillary to the exercise of that power, whether it be a matter affecting civil rights or not—and there is nothing in the world that does not in some way affect civil rights—is held to be within the specific designated power, and has been so held, I think consistently, through all the decisions of our courts. In this connection, although I may weary the House a little, I wish to put upon the record, first of all, a quotation from an eminent English authority on the subject. For this, and indeed for much help, I am indebted to the very distinguished parliamentary counsel of this House. This quotation is from Browne and Powles on Divorce, edition of 1889:

"The Probate, Divorce, and Admiralty Division of the High Court of Justice" inherits from the Court of Divorce and Matrimonial Causes, for which it was substituted by the Judicature Acts of 1873-75, power (partly given by the substantive enactments of the Matrimonial Causes Act, 1857, and subsequent statutes, and partly derived from the jurisdiction of the ecclesiastical courts transferred to the old court by the 6th section of that Act) to pronounce decrees of—

1. Dissolution of marriage;
2. Judicial separation;
3. Nullity of marriage;
4. Restitution of conjugal rights;
5. Jactitation of marriage;
6. To establish legitimacy and the validity of marriages, and the right to be deemed natural born subjects.

These may be called decrees in original petitions, but, besides these decrees, the Court has jurisdiction in matters subsidiary to or consequent on such original matters, as—

7. Reversal of decree of judicial separation;
8. Damages against an adulterer, and how such are to be applied;
9. Custody of children;
10. Provision for wife;
11. Concerning settlements of property.

These are all included within the term "divorce and matrimonial causes." They all grow naturally out of the marriage state, and any legislature empowered to deal with that marriage state (and forbidden to touch upon solemnization of marriage) has these powers or none at all. There may be certain of them subtracted by express enactment, and under the limitation of just such a subtraction we cannot legislate in respect of nullity ab initio. That has been held because the provinces have jurisdiction in solemnization of marriage, as interpreted by the Privy Council in the Lancaster case. But subject to what is included in the term "solemnization of marriage," with that subtraction, and that alone, this Parliament alone has jurisdiction as to the whole marriage state.

I come now to another author, Evans, on the Law and Practice relating to Divorce and Other Matrimonial Causes in Canada. First of all I read this at page 75:

In addition to proceedings for dissolution of marriage, six other different kinds of actions mentioned in the beginning of the preceding chapter may be instituted under the provisions of the Divorce and Matrimonial Causes Act, 1857,—

Hon. Mr. PARENT: Who is the author?

Right Hon. Mr. MEIGHEN: R. R. Evans, of the Ontario and Alberta Bars.

Not only did the British North America Act, by section 91, give to the Canadian Parliament jurisdiction in respect of marriage and divorce, but by section 129, a section of the highest consequence, it provided that the laws in force in the various provinces at the time of their coming into the union should continue to be in force thereafter, should continue to be the laws of those respective provinces, until altered by the appropriate Parliament as set out in the British North America Act itself. And the laws that were so declared confirmed in this country as in force, by the words of the British North America Act, naturally embraced the common law then in force, as well as the statute law. As a consequence, until this Parliament legislates under the heading of marriage and divorce and anything affecting this subject, the courts of our various provinces—Quebec excepted, because in that province there are no such courts, and this Bill does not affect Quebec at all—have power in respect of divorce by virtue of section 129, making the law of the province at the time it came into Confederation the law after it came in, subject to its being changed as I stated a moment ago. Therefore our courts all along have been exercising jurisdiction in respect of matrimonial causes, and were not exercising it, in many provinces anyway, in respect of divorce. It might be assumed, not unnaturally, that as they were exercising jurisdiction in respect of these matrimonial causes and not in respect of divorce, their jurisdiction in respect of matrimonial causes was provincial. In fact this was not so at all. The jurisdiction came to them as a legacy of the British North America Act, establishing the law that existed in the province at the time of the passing of the Act, and was to continue until that law should be changed; but it could be changed only by the Parliament which had jurisdiction in respect of the subject-matter, and the only Parliament which has jurisdiction in respect of any subject-matter relating to marriage, minus the solemnization of marriage, is the Parliament of Canada.

Now, then, under this subject, dealing with Canada, Evans quotes the following:

(1) Judicial separation;
(2) Nullity of marriage;
(3) Restitution of conjugal rights;
(4) Jactitation of marriage;
(5) To establish legitimacy;
(6) Damages by husband against adulterer.

He proceeds to say at various times that we have in this country under the heading of "marriage" the same ample authority to legislate as exists under the Matrimonial Causes Act of England, or, rather, as grew up under the common law of England, a law enforceable there by the matrimonial causes courts—the ecclesiastical courts.

Hon. Mr. LYNCH-STAUNTON: Did you say under the common law of England?

Right Hon. Mr. MEIGHEN: Yes.

Hon. Mr. LYNCH-STAUNTON: Does Evans say so?

Right Hon. Mr. MEIGHEN: He is speaking of the Matrimonial Causes Act.

Hon. Mr. LYNCH-STAUNTON: You said he stated it was under the common law.

Right Hon. Mr. MEIGHEN: No. The Divorce and Matrimonial Causes Act of 1857, in effect in 1858, established divorce and matrimonial courts to carry out the law as respects divorce and matrimonial causes. As respects divorce, the law was just enacted then; but as respects matrimonial causes, in the broad, embracive sense that I have sought to elaborate to the House, the law was the common law and had grown up through the centuries and been given effect to by the ecclesiastical courts of England. That is the common law which has affected matrimonial causes and which, I humbly submit, was necessarily the law in the minds of legislators at Westminster when they used the word "marriage" in the British North America Act.

I want to read the following from Evans at page 106:

> It has already been pointed out that by virtue of the Constitutional Act of 1791 and the first statute passed by the first Assembly of Upper Canada the law of England relating to property and civil rights became the law of Upper Canada, and that by so introducing the law of England that portion of the law relating to nullity which was not inapplicable became part of the law of Upper Canada; that the Act of Union does not affect the issue; that such a body of law by virtue of ch. 9, C.S. of U.C., 1859, was continued in force after the Act of Union had been passed and was in force at the time of Confederation; that by the British North America Act the law in force in "Canada" was continued as the law of Ontario until altered or repealed pursuant to the provisions of that Act; that after Confederation only the Parliament of Canada could alter, vary or repeal all or any part of that body of law relating to nullity—

I call this specially to the attention of those who could not help being impressed by the honourable senator from North York yesterday in his contention that this Parliament had nothing to do with respect to matters

of nullity. This Parliament has everything to do with all matters of nullity, save such nullity as means that the marriage is void ab initio. Thus it is said by this authority—I read part of the last sentence again:

—that by the British North America Act the law in force in "Canada" was continued as the law of Ontario until altered or repealed pursuant to the provisions of that Act; that after Confederation only the Parliament of Canada could alter, vary or repeal all or any part of that body of law relating to nullity (save and except that part relating strictly to solemnization of marriage within the province).

More particularly affecting the question of civil rights, there is a further quotation to be given, if I can put my hand on it. If the House will permit, so as to save delay, I shall have this quotation inserted in Hansard. It is of some length, and at the moment it escapes my eye. But it argues very definitely what I sought to impress earlier this afternoon, that though the exercise of a jurisdiction as respects a defined subject may necessarily entail the affecting of civil rights, that in no way removes the jurisdiction, but the power to do all things incident to or naturally or reasonably embraced within the defined subject exists all the same, and only in the legislature which has jurisdiction over that subject so defined.

The quotation is as follows:

By the British North America Act, section 91, power to legislate with respect to "marriage and divorce" was delegated to the Parliament of Canada, while by section 92 the capacity to legislate with respect to "solemnization of marriage" within the provinces was delegated to the provincial legislatures. Since this Act was in force prior to the passing of the abovementioned Act of 1888, no portion of the English law as to nullity which relates strictly to solemnization of marriage can therefore be deemed to have been introduced. But there did exist in England a body of law relating to nullity which did not relate strictly to solemnization, but which affected directly the very essentials of marriage, e.g., impotency, bigamy and insanity as grounds precluding the possibility of a valid marriage or rendering a marriage voidable. That such a branch of law might either in whole or in part come within the classification of "property and civil rights" could under certain circumstances be urged, but in view of the provisions of the British North America Act, its general plan and the manner in which the various classes of subjects were allotted to the Dominion Parliament and to the provincial legislatures respectively for legislative consideration, and adopting the principles of construction which have been laid down from time to time by the Privy Council in considering the apparent conflicting and overlapping provisions of that Act, the sounder opinion would appear to be that legislation which affects the very essential validity of a marriage would come within the classification of "marriage and divorce" and not within the classification of "property and civil rights."

I now want to make more plain to the House certain definite phases of the Bill. Under section 4 there is a recognition of the derivation of the powers of courts in our various provinces as respect marriage and divorce. Not only is there a recognition of the derivation, but there is a definite declaration that the derivation of power as now enjoyed by those courts shall continue to be so enjoyed, and the derivation shall be the same, and only as respects further power given to those courts by this statute shall the parent of the power be considered to be the Parliament of Canada.

The Bill then proceeds to legislate in respect of divorce by sections 5, 6 and 7; but when we come to those sections having to do with the avoiding of a marriage because of misconduct or for other reason, the honourable senator from North York (Hon. Sir Allen Aylesworth) says we are wholly without power.

I ask the House to follow me while I make it plain that, as every lawyer, of course, clearly knows, there is an important difference between a marriage contract, or any contract that is void ab initio, and a contract that is merely voidable. A marriage contract will be void, under the Lancaster case, if a person enters into it who is not qualified so to do. A marriage contract will be void if it is carried out or solemnized by a person who is not empowered to solemnize marriage under the provincial legislation. It may be void for other reasons, such as lack of qualification for marriage at the time of entry into it. These are things which, by the law of the province, make a marriage void. This Parliament never could legislate to restore or make valid any marriage void because of such definite provisions of the legislation of a province.

But it is quite another thing to legislate that a marriage that is absolutely valid when it is completed wholly in accordance with provincial law may be avoided afterwards for cause without being dissolved at all. Dissolution of marriage is one thing; avoidance of marriage is another, and this Bill provides that where the party entering into the contract has physical disease of a certain character, under certain conditions the other party afterwards may seek an avoiding of that marriage. No one would suggest that that marriage would be void ab initio. The provincial legislation does not say so in the first place. It is valid under provincial law the minute the declaration of the minister is sounded, and the offended party may elect that it shall be valid for ever. The man or woman

whose wife or husband was at the time of marriage afflicted as defined by this Bill may, just as he or she may prefer, continue in their marriage state, and, if so, that continuance is a legal marriage state and all the consequences of marriage flow from it. If, on the contrary, he or she elects to go to court, establish the causes specified in this Bill, and say, "I want my marriage avoided," then the court has power to declare accordingly, and the avoiding of the marriage does not affect the solemnization of marriage. We are not legislating as to solemnization. If Quebec, Ontario or Manitoba says what shall constitute solemnization, and as part thereof who shall be qualified to enter into marriage, that is its prerogative. We are legislating to avoid a duly solemnized marriage—to avoid it for cause. Will anyone suggest that the power to do so resides in the provincial legislatures? It does not rest there unless we are going to assume that when the British North America Act vested us with jurisdiction in marriage it intended to vest the provinces.

This, surely, is about all one need impose upon the House. Keep away from solemnization as defined in that most generous possible interpretation in the Lancaster case—indeed, one cannot help commenting that it was an all-embracive interpretation—keep away from that and you are in the field of marriage, not in the field of solemnization.

What chaos there would be if this Parliament should venture upon legislation giving to a married person the power to have the marriage declared void, and should then depend upon the immediate consequences being taken care of elsewhere! I do not think any lawyer, after reading what I have said and what I have quoted, will venture to deny that this Parliament alone can declare the conditions upon which a validly solemnized marriage may be declared void. Then, if Parliament has such power, what a situation would result if the consequences of that declaration were in every case to be determined by the several provinces! Why, the consequences that flow out of the married state are incidental to it, ancillary to it, really a part of it. From it they take their birth. Necessarily they are within the purview of this Parliament.

The whole history of this subject, as readable by anybody, shows that marriage as a field of law and legislation means matrimonial causes as dealt with in the courts of England, and that the British Parliament in its statutes intended the word "marriage" to carry the same acceptation. I submit that the honourable senator from North York (Hon. Sir Allen Aylesworth), while entitled, of course, to oppose this Bill on its merits, is not right when he assumes that we cannot avoid marriages, that we cannot determine the rights of persons who were parties to avoided marriages, that we cannot determine the consequences that flow from marriage and its avoidance. I believe we can.

But he says, and with more convincing force, I think, that we cannot enact, as we propose to do in one section, that in certain conditions no parson or person shall be compellable to solemnize a marriage. When I read the section I assumed at first that there we were within the territory of solemnization. It is true that I know of no legislation which compels anybody to marry anybody. I am not quite certain that there is none, nor do I know just what is the obligation of a minister under certain laws. But, assuming that there is none at all, let us take this section and read it in connection with section 4, which frankly admits and declares the present authority of our courts and the derivation of that authority. It is a fair statement to say the section in question is not legislation in respect of solemnization of marriage, but merely goes to the extent of providing that because of this Act no clergyman shall be compelled to marry, under stated circumstances, a person whose divorced wife or husband is still living. The power so to enact flows from our jurisdiction in respect of divorce. I ask honourable members to put to themselves this question. If we are now clothed with plenary authority to legislate as regards divorce—and this authority no one disputes—then are we not also, consequentially, empowered to legislate that a divorced person shall not marry for, say, ten years? Would that be getting into the field of solemnization of marriage? I submit not. Could we not indeed legislate that a divorced person could never marry while the offended partner was still alive? I submit that we could, under our jurisdiction in divorce; and if we could, can we not also say that no minister shall be compellable to marry any divorced person while the husband or wife is still living, or within so many years? That is precisely what we are doing. That provision is merely to release from the mind of any person the feeling that it is part of his duty, if not a legal obligation, to marry any person who comes within the section. I present to the House the argument that by declaring that someone does not need to solemnize under certain conditions we are not affecting solemnization itself. We are merely making provision, by virtue of our ancillary powers flowing from divorce jurisdiction, respecting consequences which follow the coming into effect of divorce decrees.

Hon. Mr. LYNCH-STAUNTON: If the Legislature of Ontario had enacted that it was the duty of the minister or the priest to marry any person, would this relieve the clergyman of that duty?

Right Hon. Mr. MEIGHEN: It would if this is proper divorce law. As I argue, it is ancillary to our rights in respect of divorce. While I will not say that the argument is overwhelming, or has no answer, or that there can be no reasonable doubt, I think the argument is fairly convincing and would probably be accepted.

Possibly, while I am on my feet, I should make a brief comment respecting the Bill on its merits. I certainly could not vote against it on the ground of invalidity or the transgression of rights. I think it has been improved in substance by the committee. It is true the improvement is only a matter of degree. When I spoke before, I intimated that giving the right to get a divorce after three years' desertion was opening the door in such a way as to affect the general moral attitude as to sanctity of marriage and was tending towards inducing married couples to regard the marriage state as merely a trial spin. We find it hard to keep out of mind individual cases. They stand every day before us. But we must consider the general effect of a law on the whole state of the public mind, particularly the mind of the young. Having regard to all the circumstances, and knowing, as I feel I do, that divorce under certain conditions is essential, that nothing but cruelty unspeakable and indefensible follows the denial of many hundreds of petitions, I do not think five years in the case of desertion too short, and as respects that provision my objections would be removed.

As regards the definition of cruelty, I do not know that the law is being changed. It is an improvement, however, to embody in the Act a definition which, I fancy, would be the one used by our courts anyway. There are, of course, cases of cruelty which are of such a character as to bring about gross and palpable injustices and most irritating conditions, but which nevertheless, cannot be made grounds for divorce. It is said that even in defining cruelty as in the amended Bill we are going to lower the level of public thinking and reverence for the sanctity of marriage. Nevertheless, I do not know of any better definition or any wiser precaution, and I fancy we do well to leave the matter to the test of experience and see how it all results. My information is that the operation of such a law elsewhere does not generally give rise to abuses based on charges of cruelty; that courts are extremely careful in its application; and I feel certain the courts in Canada will be careful.

While I have still some hesitancy and reluctance on the score of those two causes, I feel that I can support the measure.

I do not like the striking out of clause 5, especially with respect to cases where petitions of divorce will lie only by reason of this Bill. Maybe we should not interfere with rights now existing, but when we are giving extended rights it is not unreasonable to say they shall not be exercised until the expiration of a period of trial, and I should hope that some amendment could be introduced to re-insert clause 5 with this limited application.

I hope I may have contributed something to clarify the question of jurisdiction. It is tremendously important that we understand properly our powers.

I conclude, honourable senators, with the words with which I commenced. Just assume in your own minds that we have not this jurisdiction—that we cannot legislate as respects the voidability of marriage, legitimacy, damages from an adulterer, the return, say, of conjugal rights—all those things recited by the honourable senator from North York (Hon. Sir Allen Aylesworth); cast aside the lessons drawn from the history of this subject in the British Parliament and in the courts of England; refuse to accept the reasoning on which my contention is founded, and the authorities on which it is supported, and you come inevitably and inescapably to the dilemma that the Parliament of Canada has no jurisdiction whatever in marriage, and that for seventy years we have been under a delusion.

Hon. Mr. CASGRAIN: May I ask the right honourable gentleman just one question, for the information of the Senate? He has lived a long time in the Northwest. How do the Doukhobors get married? I think the right honourable gentleman ought to be able to answer that.

Right Hon. Mr. MEIGHEN: I really do not know.

Hon. Mr. CASGRAIN: Then I will ask another. The Mennonites have been in the West for sixty years, to my personal knowledge. How do they get married?

Right Hon. Mr. MEIGHEN: Well, I have not been at any of those weddings,—

Some Hon. SENATORS: Oh, oh.

Right Hon. Mr. MEIGHEN: —but to be legal the marriage would have to be solemnized in accordance with the provisions of the law of the province in which they live.

Hon. Mr. CASGRAIN: Then, in Manitoba must you go before a clergyman?

Hon. Mr. CALDER: Not necessarily.

Hon. Mr. CASGRAIN: I am told that in Ontario a mayor can marry people, and that there was a mayor in Morrisburg who married couples freely.

Right Hon. Mr. GRAHAM: He would be popular if the marriages were free.

Hon. Mr. CASGRAIN: The right honourable gentleman from Eganville (Right Hon. Mr. Graham) knows that place very well. I do not want to make a joke out of this thing. There were two or three couples before that mayor of Morrisburg and they were giggling and laughing, and he said: "Look here, this is a serious thing. There is nothing to laugh at about getting married." However, the question I want to ask is: can a mayor in Ontario marry people?

Hon. Mr. HARDY: No.

Right Hon. Mr. MEIGHEN: I never saw a law to that effect.

Hon. Mr. CASGRAIN: There are many things we do not know.

Right Hon. Mr. MEIGHEN: Surely.

Hon. Mr. CASGRAIN: Let me ask a further question. If two persons have no religion at all and want to get married, who will marry them?

Hon. Mr. McMEANS: A county court judge.

Right Hon. Mr. MEIGHEN: These are very interesting questions, but they do not affect this matter.

The motion for concurrence in the report was agreed to, on division.

SHOP CARDS REGISTRATION BILL

FIRST READING

A message was received from the House of Commons with Bill 22, an Act respecting the Registration of Shop Cards by Labour Unions.

The Bill was read the first time.

RAILWAY BILL

FIRST READING

A message was received from the House of Commons with Bill 5, an Act to amend the Railway Act.

The Bill was read the first time.

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

THE SENATE

Thursday, May 12, 1938.

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

Prayers and routine proceedings.

PRIVATE BILLS

FIRST READINGS

Bill J2, an Act respecting the Mail Printing Company.—Hon. Mr. McGuire.

Bill K2, an Act respecting the Globe Printing Company.—Hon. Mr. McGuire.

DIVORCE AND MATRIMONIAL CAUSES BILL

MOTION FOR THIRD READING

Hon. Mr. McMEANS moved the third reading of Bill B, an Act respecting Divorce and Matrimonial Causes.

Hon. J. W. deB. FARRIS: Honourable members, I feel that I should speak shortly on this Bill; not from any desire to make a speech about it, for I should prefer to keep silent. My sympathies are entirely with the principles of the measure, but we have had here a serious legal discussion of its constitutional aspects, and as a lawyer I feel that if the Bill is voted upon and goes to the House of Commons, sanction will have been given in one way or another to legal propositions that have been advanced in this House. I find myself on strong ground and on weak ground.

Hon. Mr. PARENT: You cannot help being on weak ground when you are talking about divorce.

Hon. Mr. FARRIS: I find myself on weak ground because I am somewhat in disagreement with both the honourable senator from North York (Hon. Sir Allen Aylesworth) and the right honourable leader on the other side (Right Hon. Mr. Meighen); and I feel I am on strong ground because I agree with what they said in other particulars.

As to the question of alimony and other matters—what one might term the incidentals of the powers assumed under this Bill—I am in complete accord with the views expressed by the right honourable leader opposite. It seems to me, honourable senators, that whether we look at this question as one of substantive powers or of purely ancillary powers, there can be no question that the Parliament of Canada has full and complete jurisdiction to deal with any matter inci-

dental to marriage and divorce, as such. I might supplement what has already been said on that by a very brief reference to a judgment of the Privy Council. Dealing with bankruptcy, their Lordships said:

It appears to their Lordships that such provisions as are found in the enactment in question, relating as they do to assignments purely voluntary, do not infringe on the exclusive legislative power conferred upon the Dominion Parliament. They would observe that a system of bankruptcy legislation may frequently require various ancillary provisions for the purpose of preventing the scheme of the Act from being defeated. It may be necessary for this purpose to deal with the effect of executions and other matters which would otherwise be within the legislative competence of the provincial legislature. Their Lordships do not doubt that it would be open to the Dominion Parliament to deal with such matters as part of a bankruptcy law, and the provincial legislature would doubtless be then precluded from interfering with this legislation, inasmuch as such interference would affect the bankruptcy law of the Dominion Parliament. But it does not follow that such subjects as might properly be treated as ancillary to such a law and therefore within the powers of the Dominion Parliament are excluded from the legislative authority of the provincial legislature, when there is no bankruptcy or insolvency legislation of the Dominion Parliament in existence.

The same principle applies to bankruptcy and to railway legislation, to bills and notes and to every form of federal jurisdiction; and when we come to the express provision in section 91, subsection 26, marriage and divorce, there is in my mind no doubt that every matter that is necessarily incidental or ancillary to dealing completely with such legislation falls properly within the purview of the Parliament of Canada.

But the difficulty in my mind, and it is one of very serious importance, is section 12 of the Bill, dealing with nullity. The honourable senator who spoke first yesterday afternoon (Hon. Mr. Lynch-Staunton) suggested there never would be any appeal in this matter, and therefore one might leave it alone. If I were sure there never would be any appeal or any question raised, I certainly would not raise my voice in this House, for something that everybody agrees on and tacitly allows to take effect cannot do very much harm. But I can see many situations where trouble might arise. If, for instance, under section 12 of this Bill, a woman secured nullity of her marriage because of the physical condition of her husband, she might then marry a man with a very large estate and have children. On the parent's death the right of those children to inherit the property would depend absolutely on the validity of the second marriage, and its validity would essentially depend on the validity of the first marriage and its annulment. There are so many ways in which, for sentimental, family or business reasons, a question of this kind can come up, that it is not a light matter to allow legislation to pass if there is any serious question as to jurisdiction.

It will be recalled from what has already been said that under section 91 marriage and divorce is exclusively within the competence of this Parliament. On the other hand, under section 92, the solemnization of marriage is exclusively within the jurisdiction of the provincial legislatures. "Exclusively" means exactly what it says. If something is exclusively within the jurisdiction of the provincial legislatures, it follows that it can by no possibility be within the jurisdiction of this Parliament.

My right honourable friend opposite (Right Hon. Mr. Meighen) yesterday dealt with that point in a very able and very clear manner. He referred to a decision of the Privy Council in 1912, in what is known as the Lancaster case. Questions were there submitted to the Supreme Court of Canada by the Government of Canada. They were answered by their Lordships, and an appeal was taken to the Privy Council. Dealing with that case, my right honourable friend said:

All I need do is quote the Privy Council in the celebrated reference now known as the Lancaster case, where it is declared that the provinces, because of their authority under solemnization of marriage, can say who is competent to enter into the marriage state; in a word, that they, and they alone, can legislate on matters affecting the validity of marriage.

I am not so sure that my right honourable friend is correct in that interpretation of the Lancaster case. But for the moment I accept his interpretation. We are now to consider whether or not the present measure under that interpretation interferes with the solemnization of marriage. In the Lancaster case there was a provision, made by the Parliament of Canada, that marriages performed by any person who had authority to perform a marriage would be valid throughout Canada, notwithstanding the religion of either of the contracting parties, and notwithstanding the question whether or not there was a prohibition in the provincial Act against a clergyman performing this particular form of marriage. Their Lordships of the Privy Council had to decide what was meant by solemnization of marriage, but they did not have to exhaust the definition. I am inclined to think, however, that they went as far as my right honourable friend said yesterday, because in this case—and this is the only other quota-

tion I am going to inflict on the House—Lord Haldane said:

> Prima facie these words—

That is, "solemnization of marriage."

> —appear to their Lordships to import that the whole of what solemnization ordinarily meant in the systems of law of the provinces of Canada at the time of Confederation is intended to come within them, including conditions which affect validity.

I want honourable members to get a picture of what that means. It means, as distinguished from a marriage without any solemnization, a marriage under our provincial laws in which a solemnization took place at the marriage ceremony. It is a combination of what the bride says, what the groom says, the putting on of the ring, and the clergyman's pronouncement, "I pronounce you man and wife." I take it that all that ceremony is part of the solemnization; and I agree with my right honourable friend, so far as I can follow from this case, that the question of the validity of that ceremony of solemnization can be raised only by the legislature which has exclusive jurisdiction to deal with solemnization.

Now, honourable members will follow what happens in our legislation. There are two types of proceedings in court in relation to the dissolution or severance of the marriage relationship. One is by way of nullity proceedings and the other by way of dissolution. Dissolution is divorce. It accepts the marriage as being valid up to the time of the court order, and it never interferes with its validity till then. But from the date of the court order it does interfere, and there is a dissolution as of that time. Nullity may exist apart altogether from the decision of the court, but if it is declared by the court it means that there never has been a valid marriage. There are two types of nullity, the void marriage and the voidable marriage, and that is where, with great respect, I find myself unable to follow my right honourable friend opposite in his argument. As I gathered, what he said was this, that so far as relates to the power to declare a marriage void ab initio, this Parliament cannot interfere, having no authority to deal with the solemnization of marriage, which is exclusively within the jurisdiction of the provincial parliament, but that in regard to a voidable marriage the principle is different. Now, let us examine that for a moment. What is the meaning of the term "voidable marriage"? It means, as in the case of any other contract, that the contract is capable of being rendered void. If it is void, as distinguished from voidable, you do not need to go to court at all. That is the end of it. If it is voidable, it does not become void until one of the parties has taken steps and the court has declared it void; but once the court has made the declaration the contract is void ab initio, just as in the case of a void contract. From a voidable contract it becomes a void contract.

Yesterday the right honourable leader opposite cited Evans on Divorce. I have the same book here, and I find that at the bottom of page 119 the author says:

> Once a marriage whether voidable or void is set aside, however, it is as if it had never been entered into and is rendered void from the beginning.

So honourable members see that the difference between void and voidable is only as to the time. Once the courts step in, at the instigation of one of the parties, and declares a marriage void, that declaration is retrospective or retroactive. It reaches back and affects the very thing that the originally void contract affects. As an illustration of this I would point out that if there were not in this Bill a provision with regard to legitimacy, as there is, the avoidance of a marriage by the courts would make the children born of that marriage illegitimates, because the declaration that a marriage is void means that it never had any legal validity or sanction.

Now, if that is so, I am unable to follow the nicety of reasoning which contends that because the marriage has not been interfered with up to the time the court acted, the Parliament of Canada has jurisdiction. I could follow such reasoning if the proceeding were one for dissolution. If, for instance, this Bill had said—as, with great deference, I think it should have said—that a woman whose husband has a certain incurable or communicable disease may apply to the courts for a divorce, that provision would have been not merely a recognition of the marriage, but a continued recognition of it, and the dissolution would operate only from the date of the court's judgment. But by this Bill such a woman is given the right to ask the court for a declaration that her marriage never existed, never had any validity. Well, honourable senators, it seems to me that the picture of the solemnization of marriage, as we get it from the Lancaster case, and my right honourable friend's proposition that jurisdiction with respect to solemnization of marriage rests with the provincial legislatures, are inconsistent with the theory that legislation passed by this Parliament can be applied one month or six months after the event of marriage for the purpose of effecting retroactively what it could not have done in anticipation. For these

reasons, it is my opinion that there is grave doubt about the validity of this provision in the Bill.

As I say, I am entirely in sympathy with the principles of this measure. I believe, honourable senators, that it is in the interest of the proposed legislation that Parliament should make it abundantly clear that what we are doing is within our jurisdiction. I believe that can be accomplished by the amendment of section 12, to change it from a provision for nullifying the marriage to a provision for dissolving the marriage. If that is not done, and the Bill goes through in its present form, then, in my opinion, in the interests of persons who may be affected, the suggestion should be made to the legislature of each province that it enact a similar provision. A generation may pass before this legislation is tested. It may be that a question with regard to a divorce granted this year will be raised twenty-five years from now, in connection with the right of innocent children to inherit.

Right Hon. Mr. MEIGHEN: Will the honourable gentleman permit a question?

Hon. Mr. FARRIS: Yes.

Right Hon. Mr. MEIGHEN: Will he not admit that there is a very wide difference between the declaration of a court that a marriage was invalid ab initio, and the declaration of a court that what was a valid marriage is hereby made void?

Hon. Mr. FARRIS: I can see no difference, in respect of the point we are now discussing.

Right Hon. Mr. MEIGHEN: It is vital.

Hon. Mr. FARRIS: The point we are discussing is that the Bill seeks to make void a solemnization of marriage. My right honourable friend may be right, but I am saying that the question is so close to the line that it would be a wise legislator who could say which view the courts would take. I say that the distinction between this Parliament saying in advance, "This shall preclude the solemnization of the marriage," and saying, after the event, "We will reach back into the past and declare that the solemnization never had the legal effect which the provincial legislature provided it should have"—

Right Hon. Mr. MEIGHEN: But we do not declare that.

Hon. Mr. FARRIS: When the clergyman who officiates at a ceremony pronounces a couple man and wife—

Right Hon. Mr. MEIGHEN: They are.

Hon. Mr. FARRIS: It may be said that for the time being the marriage is valid. But under this Bill Parliament would assume the power to wipe out the validity of a marriage that had been solemnized, and wipe it out, not as of the date of the court order, but retroactively, to the extent of saying that the marriage in question never was valid.

Right Hon. Mr. MEIGHEN: I do not wish to interrupt unless the honourable gentleman is agreeable to my doing so.

Hon. Mr. FARRIS: Yes, certainly.

Right Hon. Mr. MEIGHEN: The court does not say that the marriage never was valid; the court wipes out the validity. It admits that the marriage was valid when made, but voids the effect of the validity which existed from the time the marriage was made up to the time of the declaration.

Hon. Mr. FARRIS: I do not think we can gain much by continuing this cross-fire.

Right Hon. Mr. MEIGHEN: I am sorry.

Hon. Mr. FARRIS: I am not at all embarrassed; I am grateful to my right honourable friend for pointing out the distinction as he sees it. But I want to repeat that, so far as I can see, there is no difference in principle between a declaration in advance that if you do a certain thing it is void, and a declaration which goes half that way, as it would under this Bill. Parliament would be saying: "We will reserve the right to decide after the event whether the marriage had any validity or not. If one of the parties moves the court, then we take to ourselves the right to say that the marriage never had any validity."

Whatever else may be said, honourable senators, it is plain that there cannot be any degree of a thing that is void, any more than there can be of something that is dead. If a thing is void, it is void completely; it has no legal validity and never had any. The distinction my right honourable friend makes is that by reason of a pause or delay occurring before the death sentence, or the declaration of lack of validity, is pronounced, Parliament has jurisdiction. My right honourable friend, with his persuasive powers, might be able to convince a court of that, but I certainly should never want to attempt any such task.

Hon. JOHN T. HAIG: Honourable senators, I do not intend to take any part in the discussion as to the constitutionality of this Bill. We have heard addresses by the right honourable leader opposite (Right Hon. Mr. Meighen) and the honourable senators from North York (Hon. Sir Allen Aylesworth),

Hamilton (Hon. Mr. Lynch-Staunton) and Vancouver (Hon. Mr. Farris), and I do not presume to suggest who is right and who is wrong. But the Bill as at present drafted, as it has come to us from the committee, does not meet with my approval. I think that section 5 should have been retained in the Bill, and that section 4 should be amended to preserve the provincial rights that now exist. The argument against section 5 was that it interfered with existing rights of the provinces—

Hon. Mr. McMEANS: Will the honourable gentleman excuse me? I rise to a point of order. The deletion of section 5 was agreed to by the committee, and the committee's report has been adopted by this House. Therefore, I submit, the matter cannot be discussed again now.

Hon. Mr. HAIG: I can discuss the Bill on third reading.

Hon. Mr. McMEANS: I ask the Speaker for a ruling.

Hon. Mr. HAIG: I will make a motion, to put myself in order. I move that the Bill be not now read a third time, but be referred back to the Committee of the Whole House for further consideration. That motion is seconded by the honourable senator from Marquette (Hon. Mr. Mullins). It is in order for me to speak now on this motion.

Hon. Mr. BALLANTYNE: The motion has not been put by the Speaker.

Hon. Mr. ASELTINE: Does the honourable senator mean the Committee of the Whole?

Hon. Mr. HAIG: Committee of the Whole, I said.

Hon. Mr. ASELTINE: Or the special committee?

Hon. Mr. HAIG: No; the Committee of the Whole.

The Hon. the SPEAKER: The motion before the Senate, honourable members, is that Bill B, an Act respecting Divorce and Matrimonial Causes, as amended, be not now read a third time, but be referred to the Committee of the Whole House. When?

Hon. Mr. HAIG: Now.

The Hon. the SPEAKER: Forthwith.

Hon. Mr. HAIG: The reason I want the Bill referred to the Committee of the Whole House is that I think clause 4 should be amended so as to preserve the existing rights of provinces to deal with divorce, and section 5 should be reinserted, but so worded that there will be no interference with the present jurisdiction of provinces. I understand that the Lords Spiritual in the House of Lords voted for the British Bill because, as they argued, if a marriage was not satisfactory after three years there was reasonable ground for permitting an application for divorce. I will not say anything further on the matter now. I wish to have the Bill sent back to Committee so that these two clauses may be further considered.

Hon. Mr. BALLANTYNE: Honourable members, as this Bill has never been in Committee of the Whole, I am rather at a loss to understand the motion that it be referred "back" to Committee of the Whole.

The amendment of Hon. Mr. Haig was agreed to: contents, 35; non-contents, 19.

QUESTION OF PROCEDURE

Hon. Mr. CALDER: Mr. Speaker, I am not objecting to the procedure, but, so far as I can recollect, such procedure has not been followed in my time. When this Bill was given second reading it was referred to a special committee for consideration, not to Committee of the Whole House. It was twice considered by the special committee and reported here, and the report has been considered and adopted by the Senate. Now we are asked to refer this Bill to Committee of the Whole.

Hon. Mr. PARENT: It has been so decided by a vote just taken.

Hon. Mr. CALDER: Yet it may be contrary to the rules. I do not know. That is why I am raising the point. According to my recollection, the procedure is somewhat like this. If at this stage an honourable member wishes to object to any portion of the Bill, and desires to have it amended, he moves that the Bill be referred again to the committee that dealt with it, and that this committee be instructed to amend section so-and-so by adding thereto or taking therefrom certain words. But now we are throwing not merely section 5, but the whole Bill into Committee of the Whole. I rise only for the purpose of trying to get some understanding as to what the rules of the House are in this regard.

Hon. Mr. MURDOCK: Honourable senators, with great respect, and not at all for the purpose of preventing discussion of the points that I know are in the mind of my honourable friend the junior member from Winnipeg (Hon. Mr. Haig), I take the position that this procedure is entirely out of order—not in accordance with the rules and practice

of this House. What is the use of appointing a special committee to consider a Bill if after the committee's report has been adopted you say, "Let us have another shake at it in Committee of the Whole House"? My honourable friend is entirely justified in seeking an opportunity to bring forward the points that he wishes to make on this divorce question, but I submit that to follow this procedure is simply to do violence to the rules and practice of the Senate as I have understood them for these many years.

Hon. Mr. CALDER: May I be permitted a further word or two? What has just been said is my view of the situation. It strikes me that if the honourable gentleman (Hon. Mr. Haig) wishes to attain his object, his proper procedure would be to move that this Bill be again referred to the special committee which had it under consideration, and that that committee be instructed to amend the Bill as he wishes to have it amended. This would obviate throwing the entire Bill into Committee of the Whole.

Hon. Mr. HUGHES: Honourable senators, cannot a member move an amendment to any Bill on the motion for third reading?

Hon. Mr. CALDER: Yes; he can do it now.

Hon. Mr. DANDURAND: I cannot lay my hand on any particular rule of the Senate relevant to this situation, but, generally speaking, I would say that the House can refer a Bill back to a select committee as often as it pleases. I have yet to learn that it cannot decide that a Bill shall be sent to Committee of the Whole. I think the point of order is somewhat belated, since the House has already decided that the Bill shall be referred to Committee of the Whole. I do not see wherein that does violence to the general principle that the Senate is master of its own procedure and can refer to Committee of the Whole or back to a standing committee a Bill that has already been considered and reported upon by that standing committee. Of course, the honourable gentleman could move that this Bill be not now read a third time, but that it be amended in a certain particular. But he has chosen a different procedure and the House has decided in his favour.

Hon. Mr. HAIG: When a Bill is given second reading it is presumed that its principle is adopted. Section 5 was in this Bill when it was read a second time, and I submit that the special committee to whom the Bill was referred had no right to delete the section. Under the rules of the Legislature of Manitoba, which are based on those of the British House of Commons, it is permissible at any stage to refer a Bill to Committee of the Whole.

Hon. Mr. BALLANTYNE: May I point out that the select committee reported the Bill with certain amendments, and that that report was approved by this House?

Hon. Mr. HAIG: Just as the principle of the Bill was approved on second reading.

Hon. Mr. BALLANTYNE: That is a different thing.

Hon. Mr. HAIG: No. I decided not to move any amendments on the motion for third reading because the honourable the senior member from Winnipeg (Hon. Mr. McMeans) objected to clause 5 being restored. That clause had not been amended, but had been struck out. The only course open to me was to move that the Bill be referred to Committee of the Whole, and that is the course I have taken. It has been approved by this House. Were the Bill referred back to the special committee, I should have no right to move my amendment there. Apparently the committee struck out section 5 deliberately. Therefore I must seek in Committee of the Whole to have section 5 reincorporated in the Bill. My motion to refer the Bill to Committee of the Whole has been carried without objection.

Hon. Mr. ROBINSON: I think rule 128 covers this case.

Hon. Mr. CALDER: Read it.

Hon. Mr. ROBINSON: This is rule 128:

> Unless the Senate otherwise orders, a private bill reported from a standing or special committee is not committed to a Committee of the Whole.

"Unless the Senate otherwise orders."

Hon. Mr. CALDER: That rule applies to private bills. This is a public bill.

Hon. Mr. ROBINSON: A public bill is generally introduced by a representative of the Government.

Hon. Mr. CALDER: No. A private bill relates to the incorporation of companies, and the like.

Hon. Mr. ROBINSON: I am not so sure of that. But let me refer honourable members to another rule, 130. It reads:

> No important amendment may be proposed to any private bill, in a Committee of the Whole, or at the third reading of the bill, unless notice of the same shall have been given on a previous day.

Hon. Mr. CALDER: That rule also applies to private bills.

Hon. Mr. ROBINSON: It is not customary to refer public bills to a special committee, is it?

Hon. Mr. CALDER: Oh, yes.

Hon. Mr. ROBINSON: The rules must contain a definition of what constitutes a public bill.

Hon. Mr. CALDER: All bills for incorporation of railways and insurance companies, building bridges across the Niagara river, and all that sort of thing, are private bills.

May I say that I was merely asking for information. I have been a member of this House for fifteen or twenty years, and, as I have stated, this is the first time I can recollect this procedure being followed. If it is correct, then any honourable member will have the right, after a Bill has gone to a special or standing committee, to move, instead of adoption of the report, the reference of the Bill to Committee of the Whole House, in order that every member may have a chance to take a whack at it. Such is the effect of the decision now reached.

Hon. Mr. MURDOCK: Mr. Speaker, I still submit, with great respect, that this procedure is entirely out of order, as not being in accordance with the rules and practice of the Senate. I should like a decision on the point.

The Hon. the SPEAKER: Honourable senators, I think the motion of the honourable the junior member from Winnipeg (Hon. Mr. Haig), that this Bill be referred to Committee of the Whole, is in order. The motion has been agreed to by the House.

CONSIDERED IN COMMITTEE

The Senate went into Committee on the Bill.

Hon. Mr. Murdock in the Chair.

On section 2—definitions:

The CHAIRMAN: This section includes paragraph (b):

"cruelty" means legal cruelty, as interpreted and construed by the High Court of England in divorce and matrimonial causes.

Hon. Mr. COTE: Honourable members, as a matter of phraseology, cruelty is defined as interpreted by the High Court of England. It does not say "as now interpreted," but simply "as interpreted." Obviously that means as interpreted from time to time. Therefore, as the law changes in England so will it change in Canada. In other words, we are adopting a definition which may be varied by the legislature of another country. That, to my mind, is not sound practice. We should provide against the modification that may be made elsewhere. I have no objection to the definition of cruelty as at present interpreted by the courts of England being adopted by us as a basis, but I do think it is very bad practice—rather, it is not a practice, but a departure from practice—to adopt a definition subject to such change as may be at any future time, and without our consent, made by the legislature or the courts of England.

Hon. Mr. HARDY: I think the words of the Bill are quite clear. The definition relates not to the future, but to the time when this Act receives the Royal Assent and comes into force. I do not think we need spend much time on amending things which have been carefully thought out by the committee. I submit that the wording relates to the exact time of the passing of the Bill.

Hon. Mr. COTE: My understanding is that the original draft read "as now interpreted." But the word "now" does not appear in the amendment, and it simply reads "as interpreted by the High Court of England." Naturally, in the future the statute will be speaking in the present. It is on that ground that my argument is based. If in 1940 the court has to interpret the statute, it will not refer to the jurisprudence of England prior to that date, but will note the jurisprudence of 1940. I may be wrong, but I think I am right.

The CHAIRMAN: Shall the definitions as previously adopted carry?

Right Hon. Mr. MEIGHEN: Honourable members, I was not on the committee, and so am not invited to speak, but I should like to say this. While I am disposed to agree with the honourable senator from Leeds (Hon. Mr. Hardy) that the word "interpreted" without the word "now" would refer to the moment of the passing of the Bill, I do not feel 100 per cent sure. Why was the word "now" omitted? That word having been in the Bill as drafted, I am wondering whether it was struck out deliberately or was dropped accidentally.

Hon. Mr. TANNER: It was cut out deliberately.

Right Hon. Mr. MEIGHEN: I am not expressing an opinion, but I feel that the honourable senator from Leeds is right.

The CHAIRMAN: My recollection is that it was contemplated that the law would continue on the same principle and basis as the English law in respect of this matter.

Hon. Mr. TANNER: It was struck out on the advice of Parliamentary Counsel.

Hon. Mr. PARENT: The chairman of the committee, it seems to me, has been travelling very fast in the handling of this Bill. I do not know whether I have correctly understood the remarks of my right honourable friend the leader on the other side (Right Hon. Mr. Meighen). If cases of divorce are essentially within the jurisdiction of the Dominion, the question might be asked how we can constitute courts and delegate to the provinces powers that belong to the federal authorities. I cannot see anything in the British North America Act that entitles us, by the creation of courts, to divert these rights that belong to the federal authorities to the provinces. Consequently I think that we are treating this matter very lightly. Section 91 of the British North America Act provides that divorce, which means the dissolution of marriage, can be dealt with only by the federal authorities.

Sometimes, when I see the restrictions which were placed around divorce by the Fathers of Confederation, I feel their purpose was to make it so difficult that nobody would have the courage or the audacity to appear before the courts of this country to ask for a divorce.

Hon. Mr. HARDY: Is the honourable gentleman discussing the point before the Committee? I think not.

Hon. Mr. PARENT: With the knowledge I have of the situation, I think my remarks are justified.

The CHAIRMAN: We are discussing a definition provided for in section 2, subparagraph (b).

Hon. Mr. PARENT: I was contending, with due respect, that you are going too far, and I would suggest that clause 2 should be removed from this Bill. I make this motion, seconded by Hon. Sir Allen Aylesworth.

The CHAIRMAN: It is moved by the honourable senator from Kennebec, seconded by—

Hon. Sir ALLEN AYLESWORTH: Having been told what the present discussion is about, I am wondering whether the situation is not exactly the same as that in which the courts find themselves when dealing with a question of fraud. We have many statutes to try to prevent fraud or fraudulent practices. When our courts are called upon to interpret such statutes it frequently happens that in argument someone asks the question: "What is fraud? What is it that is necessary to constitute fraud in law?" Uniformly judges have answered, and legislatures too: "That is something we will not try to define. It is something which has to be decided upon the particular facts that arise in evidence." We all know what fraud means, but if once you try to define a thing like fraud or cruelty, some adroit gentleman will circumvent your definition by doing something else.

The CHAIRMAN: It is moved by the honourable senator from Kennebec (Hon. Mr. Parent), seconded by the honourable senator from Shawinigan (Hon. Mr. Bourgeois), that clause 2 of Bill B be struck out in its entirety. That would include, as I understand it, all the definitions.

The proposed amendment was rejected.

Hon. Mr. COTE: Before the definitions are carried, I should like to say something further. It may look like obstinacy on my part, but I assure you it is not. The honourable senator from Pictou (Hon. Mr. Tanner) said the word "now" was struck out on the advice of the Law Clerk. That leads me to believe that there was a misunderstanding, because the other day, after the report of the committee was printed, I mentioned to the Law Clerk the matter of the exclusion of the word "now" from the definition of cruelty, and he seemed very much surprised that the word was not included, and pointed out to me that the word appeared on the draft which he had. I think I am at liberty to quote the opinion which he then expressed to me. It was that, if we wanted to fix the meaning of the word "cruelty" as it is at present interpreted in England, the word "now" should be used. That is the reason why I stood up a moment ago.

So that there may be no mistake, I now move that subclause (b) of section 2 be amended by adding in the first line, after the word "as" and before the word "interpreted," the word "now."

The CHAIRMAN: It is moved by Hon. Mr. Côté, seconded by Hon. Mr. Taylor, that clause (b), as adopted by the committee, be amended by inserting the word "now" between the words "as" and "interpreted." The clause would then read:

"Cruelty" means legal cruelty, as now interpreted and construed by the High Court of England in divorce and matrimonial causes.

Are you ready for the question?

Right Hon. Mr. MEIGHEN: I am still of the opinion that I expressed before, but I should not like to vote against an amendment which makes for certainty. I would suggest, however, that the word "now" is not the customary word to use for this purpose, and that,

if the Bill should be amended in order to attain the certainty the honourable senator aims at, it would be better to say, "as interpreted at the time of the passing of this Act."

Hon. Mr. COTE: I would gladly accede to the change.

Right Hon. Mr. MEIGHEN: I feel sure the Law Clerk would accept that.

Hon. Mr. McMEANS: There is just one thing.

The CHAIRMAN: The Hon. Mr. Coté accepts the proposed change, which, if there are no objections, would make the clause read:

"Cruelty" means legal cruelty, as interpreted and construed by the High Court of England in divorce and matrimonial causes at the time of the passing of this Act.

Hon. Mr. McMEANS: I just want to make this suggestion. The courts of Canada are always governed by the decisions of the higher courts in England. It is almost impossible to put into an Act of Parliament an exact definition of cruelty. The case of Russell v. Russell, decided by the Privy Council, laid down the doctrine of cruelty and what it meant. Even if that were modified, or some words a little different were added by another judge, the proposed amendment would prevent us from ever departing from that one judgment. The doctrine of cruelty as decided by the English courts should be followed, and in interpreting the word "cruelty" we should not be restricted to the one judgment. Surely we can depend upon the judgments of the High Court and the decisions of the Privy Council to guide us in the matter.

At one time it was suggested that the decision in Russell v. Russell as to the meaning of cruelty should be put into the Bill, but there is great objection to putting into a statute the exact words of a judgment. A certain act committed by the husband might be construed as cruelty, as it renders the woman unfit to carry on the duties of a wife. I would argue as strongly as I can that we are absolutely safe in following the decisions of the Privy Council or the higher courts in the land, and that the section should be left as it is.

The CHAIRMAN: It has been moved by Hon. Mr. Coté, seconded by Hon. Mr. Taylor, that the words "at the time of the passing of this Act" be inserted in subclause (b) of clause 2.

Right Hon. Mr. MEIGHEN: After the words "as interpreted and construed."

I dislike very much haggling over this matter, but I have not had the advantage of discussing it outside of this Chamber at all. Apparently, to judge from the remarks of the honourable the senior senator from Winnipeg (Hon. Mr. McMeans), it is intended that if at a subsequent time the interpretation now given to the word "cruelty" by the High Court of England should be in any way modified, the modification shall govern our courts here. Very good. Then does it not follow that if a modified interpretation of the word is adopted by the British courts, we are bound also?

Hon. Mr. McMEANS: You mean, if a statute is passed regarding cruelty?

Right Hon. Mr. MEIGHEN: Yes. Does the honourable gentleman say that then, when the courts interpret cruelty in the terms of the statute, we shall be affected, not by the change in the statute, but only by a change in interpretation?

Hon. Mr. McMEANS: I did not go so far.

Right Hon. Mr. MEIGHEN: Should we not be affected by a change in the statute?

Hon. Mr. McMEANS: But may I point out that cruelty is never defined by statute?

Right Hon. Mr. MEIGHEN: But it may be.

Hon. Mr. McMEANS: So far such a thing is unknown. The courts interpret what cruelty means, but I do not know of any statute defining it, and I do not think the right honourable gentleman has ever heard of any that does.

Right Hon. Mr. MEIGHEN: It might be done.

Hon. Mr. McMEANS: There is a possibility of it, but it is so remote that I do not think the House need bother itself about it.

Hon. Mr. TANNER: Mr. Chairman, we have had more or less discussion about the regularity of this proceeding. Personally, I have no doubt as to the right of the Senate to send a Bill like this to Committee of the Whole House, but for my own information, because I can see that there will be a good deal of debate and that probably a number of amendments are going to be moved, I should like to have a ruling at this stage as to the regularity of the proceedings in this regard.

Let us take as an illustration the motion now before the House. On at least one occasion, when the report of the special committee was presented, the House voted that the clause now under discussion should pass in the form in which it was read at the Table. Now, can we rescind that vote? If we cannot, then we cannot introduce a motion to change the clause. I will read

the rule. Of course, we have rules and rules; sometimes we regard them and sometimes we do not. Now, I should like an interpretation.

The CHAIRMAN: I hope the honourable gentleman will not appeal to me, because I will say right now that I think he is right. He had better ask for a ruling from His Honour the Speaker.

Hon. Mr. TANNER: Rule 25a says:

No question or amendment shall be proposed which is the same in substance as any question or amendment which, during the same session, has been resolved in the affirmative, or negative, unless the order, resolution or vote on such question or amendment has been rescinded.

The first step that is necessary is the rescission. Then what is the next step? Rule 25b says:

An order, resolution or other vote of the Senate may be rescinded; but no such order, resolution or other vote may be rescinded unless five days' notice be given and at least two-thirds of the senators present vote in favour of its rescission: Provided that, to correct irregularities or mistakes, one day's notice only shall be sufficient.

So I am asking the Chairman to make a ruling. We are being asked now, and I presume we shall be asked later on, to rescind votes passed by the Senate yesterday and to adopt new votes. Can we do this? Five days' notice has not been given. Can we do this on the vote of a simple majority, or must there be a two-thirds majority?

The CHAIRMAN: So far the Senate has decided that we have a right to do what we are now doing. And so far, in the deliberations of the Committee of the Whole, we have not undertaken to undo anything that we had already done. The motion now before us proposes to make more explicit and definite, by inclusion of the word "now," language that had already been adopted by the special committee and the Senate. Therefore, as Chairman, I should have to hold —though wishing that someone else were making the ruling—that so far we are not out of order.

Hon. Mr. CALDER: It may be different when we come to another clause?

The CHAIRMAN: Yes.

Right Hon. Mr. MEIGHEN: With deference, I put this thought on the record. It is quite true that after a motion has been passed we cannot at the same session entertain another motion which is in substance adverse to the first one and deals with the same subject, unless that first motion is rescinded. But that is all qualified by this consideration, that at every stage of its passage through either House a bill can be amended or changed. If we carried the argument as expressed by my honourable friend from Pictou (Hon. Mr. Tanner) to the limit, it would mean that once we had given first reading to a bill we should have to retrace that step before we could change the bill at all; and once we had passed the motion for second reading the wording would be doubly clinched, and that motion would have to be rescinded before we could make any change at a later stage. We must bear in mind that at every stage a bill is subject to debate and amendment. The House has decided that we are now at a stage where an amendment may properly be proposed. I never saw this done before, but I do not say it is wrong.

Hon. Mr. DANDURAND: In support of the view expressed by my right honourable friend (Right Hon. Mr. Meighen), I would draw attention to the fact that before we finally dispose of any bill there is a short stage which is generally not noticed. When the motion for third reading has been passed, and His Honour the Speaker has so declared, he asks if it is our pleasure that the bill shall pass, and even at that stage the bill can be attacked.

The CHAIRMAN: I am advised by the honourable senator who made this motion that he prefers to have the word "now" inserted between "as" and "interpreted." I would draw the attention of honourable senators to the fact that "now" is defined in subclause (f) of section 2 of the Bill as follows:

"now" means the time when this Act comes into force.

The proposed amendment is to change subclause (b) of section 2 to read:

"Cruelty" means legal cruelty, as now interpreted and construed by the High Court of England in divorce and matrimonial causes.

Hon. C. P. BEAUBIEN: Honourable senators, may I say just a word? I have no interest in this Bill, except that I am absolutely opposed to it, of course. But I have the greatest possible respect for the autonomy of this House and of Parliament. I think the right honourable leader on this side (Right Hon. Mr. Meighen) is quite right. Now, if "cruelty" is to be defined in our law as it is in the Bill that has come to us from the select committee, the meaning may be varied from time to time, because the British Parliament may pass a new law every year or so to say that if certain things are done by a married person they shall be considered as

cruelty within the meaning of the Divorce and Matrimonial Causes Act.

Hon. Mr. McMEANS: Will the honourable gentleman excuse me? There is no such thing as any statute law on the meaning of the word "cruelty." The interpretation is made by the courts.

Hon. Mr. BEAUBIEN: But there is nothing to prevent the British Parliament from passing an Act saying that if such and such a thing is done it shall be considered as cruelty within the meaning of the Divorce and Matrimonial Causes Act. It can make such statutory interpretations as often as it wishes. If that were done, the British courts would have no alternative but to declare, in any case where it was proved that one of the things mentioned in the statute had been done, that a cause for divorce existed. Now, do we want to be tied by what the British Parliament may do? If we do not, let us settle the point by having "cruelty" defined to mean legal cruelty as it is now interpreted by the English courts.

There has been a great deal of discussion around this very point. Many people who are in favour of the general principle of divorce have been opposed to this Bill because they thought it opened the door to divorce too widely. Everybody knows that in the United States "cruelty" has been interpreted in a ridiculous way, and there was a widespread fear lest the word should be interpreted too freely in this country. But if we decide that the word shall mean what the British courts take it to mean at present, we shall know where we stand.

The CHAIRMAN: It is moved by Hon. Senator Coté, seconded by Hon. Senator Taylor, that the word "now" be inserted between the words "as" and "interpreted" in subclause (b) of section 2 of the Bill as amended by the special committee.

The proposed amendment of Hon. Mr. Coté was agreed to.

Section 2, as amended, was agreed to.

Section 3 was agreed to.

On section 4—jurisdiction of the court augmented:

Hon. Mr. HAIG: Honourable senators, I want to move that the words "(saving the effect of section five)" in lines 10 and 11, section 4, be reinserted, and that these words be added: "except as to adultery as a ground for divorce."

Hon. Mr. BEAUBIEN.

Right Hon. Mr. MEIGHEN: I would suggest that we defer consideration of section 4 and proceed to section 5, because the amendment will follow consequentially if we decide in favour of section 5.

Hon. Mr. HAIG: Then I ask that section 4 stand until we deal with section 5.

The CHAIRMAN: You will understand the peculiar position the Chairman is in when he finds there is no section 5, it having been deleted.

Hon. Mr. HAIG: I mean the former section 5.

The CHAIRMAN: There is no section 5, because the special committee deleted it.

Section 4 stands.

On section 5 of original Bill—restrictions on petitions for divorce:

Hon. Mr. HAIG: Then I move that a new section 5 be added to the Bill, as follows:

No petition for divorce shall be presented to or entertained by the court until a period of three years shall have elapsed since the date of the marriage unless the court, upon application made in accordance with rules of court, shall otherwise allow.

I do not presume the House wants me to read the whole section.

Some Hon. SENATORS: No.

Hon. Mr. HAIG: I move that section 5, as printed in the original Bill, be reinserted.

The CHAIRMAN: Is there a seconder to the motion?

Hon. Mr. McGUIRE: Yes.

Hon. Mr. McMEANS: Will the honourable junior senator from Winnipeg (Hon. Mr. Haig) give us an explanation of what he has in mind?

Hon. Mr. HAIG: I desire that the existing jurisdiction of the provincial courts in respect of divorce be preserved. A petition for divorce on the ground of adultery may now be presented to the courts of any province other than Quebec, at any time after the marriage, but under section 5 no such petition could be presented before the expiration of three years from the date of the marriage. I do not want the rights of the provinces limited to that degree, and so I am suggesting that section 4 specify that section 5 shall not apply when the ground alleged in the petition for divorce is adultery. Then, even if section 5 were passed, the courts of Manitoba, for instance, could still receive petitions for divorce on the ground of adultery without restriction as to the date of marriage, just as they can now.

As to section 5, I plead with honourable members who are in favour of this Bill to vote to have this section restored, because it meets the objection that many people would otherwise have to the measure. As I pointed out earlier this afternoon, that section met the objection that certain parties had to the English Bill, because persons in favour of the principle of divorce felt that if a marriage could not succeed after three years it was reasonable to permit a petition for divorce on other grounds than adultery. I am not appealing to anyone who is absolutely opposed to the Bill, such as those who take the stand that was stated yesterday by the honourable gentleman from Hamilton (Hon. Mr. Lynch-Staunton). I think the three years provision is a reasonable one, except where the ground is adultery. Then, if section 5 is passed, I shall propose my amendment to section 4.

Hon. Mr. McMEANS: I quite agree with the honourable member, but I suggest that he should simply move an amendment to clause 5 providing that it shall not apply to any petition based on the ground of adultery. Is that what my honourable friend means?

Hon. Mr. HAIG: Yes. I thought that section 4 would have to be amended to cover that.

Hon. Mr. McMEANS: It is simply a question of drafting.

Hon. Mr. FARRIS: I am in this embarrassing position. I am quite prepared to vote for the amendment of section 5 if I am sure that section 4, with the proposed amendment, is going to pass. But if section 4 does not pass, then I am against section 5, because I am certainly opposed to any limitation of the rights that our provincial courts now have to deal with the question of adultery as a ground for divorce. So it seems to me that section 5 must be amended as suggested by the honourable senior senator from Winnipeg (Hon. Mr. McMeans), so that we may know what we are doing.

Hon. Mr. HAIG: I am agreeable to that.

The CHAIRMAN: Then section 5 is to read:

No petition for divorce, except on the ground of adultery, shall be presented to or entertained by the court until a period of three years shall have elapsed since the date of the marriage.

Hon. Mr. HAIG: That covers it.

Right Hon. Mr. MEIGHEN: I would rather have it done as suggested by the senior senator from Winnipeg (Hon. Mr. McMeans). If I understood him, he would add to old section 5 another subsection simply stating: "This section shall not apply in the case of a petition for divorce on the ground of adultery."

Hon. Mr. HAIG: All right; put it that way. It is the same thing.

The CHAIRMAN: Shall subsection 1 of section 5 carry—restrictions on petitions for divorce?

Hon. Mr. McGUIRE: It says, "No petition shall be presented to the court." That does not exhaust the whole subject. What about a petition to Parliament?

Right Hon. Mr. MEIGHEN: Nothing can interfere with a petition to Parliament. That is dealt with by the rules.

Hon. Mr. ASELTINE: Parliament can grant divorce by a private Bill.

Subsection 1 of section 5 was agreed to.

Subsections 2, 3 and 4 of section 5 were agreed to.

On subsection 5 of section 5—misconduct within three years after marriage:

Hon. Mr. McMEANS: That subsection goes out.

The CHAIRMAN: What shall be substituted?

Hon. Mr. McMEANS: It is suggested by the right honourable leader on this side (Right Hon. Mr. Meighen) that there should be a subsection reading: "This section shall not apply to petitions filed on the ground of adultery."

Hon. Mr. ASELTINE: I think subsection 5 should remain, because there might be grounds for judicial separation within a period of three years.

Hon. Mr. HAIG: Subsection 5 should stay in.

Subsection 5 was agreed to.

The CHAIRMAN: I think you were going to add another subclause as No. 6.

Right Hon. Mr. MEIGHEN: Yes. I suggest it read as follows:

This section shall not apply in the case of a petition for divorce on the ground of adultery.

The proposed amendment was agreed to.

Section 5, as amended, was agreed to.

The CHAIRMAN: Now we will return to section 4.

On section 4—jurisdiction of the court augmented (reconsidered):

Hon. Mr. HAIG: It will be necessary to restore at lines 10 and 11 and 22 and 23 the words "(saving the effect of section five)".

The proposed amendment was agreed to.

Section 4, as amended, was agreed to.

On section 6—grounds of petition for divorce by either husband or wife:

Hon. Mr. HUGESSEN: This section states the grounds of petitions for divorce. I must confess I was much impressed by the argument of the honourable senator from Vancouver South (Hon. Mr. Farris) early in the afternoon as to the possibility that sections 12 and 13 are beyond the competence of this Parliament for the reason that those sections purport to make a marriage voidable on certain grounds defined in section 12. It seems to me that any possible doubt as to the competence of this Parliament to enact sections 12 and 13 would be avoided if, instead of enacting them as they are at present under the heading of "nullity," the causes of nullity now to be found in section 12 were to be added to the causes of divorce in section 6. This would place the matter on the basis, not of the nullification by this Parliament of a marriage previously valid by provincial law, but of divorce on the same basis as the other causes in section 6. That, of course, would entail considerable redrafting of section 6, and probably the disappearance of sections 12 and 13. I think what I have suggested would meet the constitutional objection of the honourable senator from Vancouver South. As he indicated —and I think the Senate is seized of the point— it might be extremely prejudicial several years hence if sections 12 and 13 were passed in their present form, with doubts as to their constitutionality; whereas by this simple recasting of the Bill we could make it abundantly clear that what we have done, that is, making these causes matters of divorce rather than of nullity, was within our competence.

I must admit that I have not in my hand the necessary amendment for this purpose. It would require a good deal of consideration and redrafting. Having in mind the important end to be achieved, I would suggest that the Committee report progress, with a view to the redrafting of clause 6 and any other substantive clauses which may need to be redrafted, in order to clarify them and make it quite evident that this Parliament is acting within its constitutional powers.

I therefore move that the Committee rise and report progress and ask leave to sit again.

Right Hon. Mr. MEIGHEN: I have no objection to the motion carrying. I do not pretend to have given any lengthy thought to the subject introduced by the honourable senator from Vancouver South (Hon. Mr. Farris), but in the meantime, as I am not a member of the special committee, and as for other reasons I shall be unable to attend its sittings, that is, if this Bill goes back to the special committee to be dealt with—

Hon. Mr. HUGESSEN: No, no.

Right Hon. Mr. MEIGHEN: I am inclined to think it should. This is a fundamental change. However, I just want to put on record a few thoughts. I see a very great difference between the avoidance of a voidable marriage and the dissolution of that marriage. That difference has been established for a long period of time in the Old Land. Grounds that are appropriate for dissolution may not be appropriate for avoidance, and, vice versa, grounds appropriate for avoidance may not be appropriate for dissolution. There is a very wide difference between a marriage which is a nullity from the beginning, no matter what may be the conduct of either party thereafter, and a marriage which can be made a nullity only by effective court decree. A woman may marry a man afflicted as stated in section 12—which was in the mind of the honourable member—and the affliction may be serious or it may not. If it made a ground for nullity, the poor woman has no choice; anybody can take steps to have that marriage annulled—her father or any other relative, or a relative of the man. But the woman may say: "No. I married this man in accordance with the law of my province, and the marriage is valid. It may be I could get it set aside, but I do not want to, and I do not want anybody else to, either." That is just such a thing as is contemplated by the wording of this Bill. I think it is the law that a voidable marriage cannot be set aside by anybody except one of the parties to the marriage. If either chose to take action, and establish cause, he or she could do so. Of course, a marriage void ab initio is void whatever anybody does; and if it is thought wise to have a court declaration, anybody can institute proceedings and have a marriage which was never validly contracted declared a nullity.

I hope honourable senators have the matter clear in their minds. It is a very grave distinction. The whole scheme of this Bill is to assert what this Parliament thinks the grounds ought to be on which a marriage is voidable at the instance of one of the parties to it, but otherwise absolutely valid and

binding until avoided, even though avoidance may go back to the time of the marriage. Parliament states the grounds upon which that action may be taken, and also the separate grounds on which a divorce action may be taken—another thing altogether, a dissolution of the marriage because of conduct of one of the parties subsequent thereto. The penalty which the man or the woman pays is that their marriage is subject to dissolution if that conduct occurs during the marriage state. But something that the man was afflicted with at the time of marriage may be an appropriate subject for the avoidance of the marriage, not for its dissolution. With all possible respect for the views of others, and with high admiration indeed for the way the case was stated by the honourable senator from Vancouver South, I do submit the Bill is constructed on sound lines—sounder lines than would be effected by modifications suggested by honourable gentlemen.

Hon. Mr. FARRIS: May I ask my right honourable friend this question? Is it not a fact that the proposal made by my honourable friend from Inkerman (Hon. Mr. Hugessen) would cure any doubts as to constitutionality?

Right Hon. Mr. MEIGHEN: Yes, I admit that quite clearly. But I answer in this way. First, I do not think there are doubts. I may be just as liable to be wrong as anybody else. Secondly, the curing is done at considerable expense. You are making something a subject for divorce and dissolution which should not be; something which is an appropriate subject for avoidance if either party chooses to take advantage of it; something which the man has not committed since he was married. I would rather have the Bill as it is, where the appropriate subjects meet the appropriate penalties and remedies, both as respects the field of avoidance and the field of divorce.

Hon. Mr. FARRIS: Honourable senators will, I hope, allow me to make two or three more observations, since I am not on the special committee to which this Bill may go. First, what my right honourable friend has just said about anybody having the right to deal with something which is void is not in issue on this immediate point,—

Right Hon. Mr. MEIGHEN: No.

Hon. Mr. FARRIS: —because, as to the difference between a voidable marriage and a dissolution of marriage, in either case none but the parties to the marriage can take action.

Right Hon. Mr. MEIGHEN: Quite right.

Hon. Mr. FARRIS: I quite understood my right honourable friend did not intend that it should have any relation to this part of the case. Certainly, as to the theory that dissolution relates to subsequent conduct, while nullity relates to prior conduct, the section itself is not consistent, for if honourable members will look at paragraph (a) of section 12 they will see it reads:

that the marriage has not been consummated owing to the wilful refusal of the respondent to consummate it.

Right Hon. Mr. MEIGHEN: I did not say prior altogether. It may be prior or coincident. No marriage is complete without consummation; and therefore failure to consummate is prior or coincident.

Hon. Mr. FARRIS: My right honourable friend says it is not complete?

Right Hon. Mr. MEIGHEN: No.

Hon. Mr. FARRIS: So far as the legal effects are concerned, it is complete.

Right Hon. Mr. MEIGHEN: No.

Hon. Mr. FARRIS: And if either party does not raise the question of the legal incidents the marriage is valid.

Right Hon. Mr. MEIGHEN: Yes.

The motion was agreed to.

Progress was reported.

LORD'S DAY BILL

MESSAGE FROM COMMONS REFERRED TO COMMITTEE

On the Order:

Consideration of a message from the House of Commons disagreeing to the amendment made by the Senate to Bill 13, an Act to amend the Lord's Day Act.

Hon. Mr. MURDOCK: Honourable senators, when this message came over from the other place the other day I accepted the responsibility of fathering it. I understand now that my honourable friend the senator from Shawinigan (Hon. Mr. Bourgeois) has a motion to make.

Hon. Mr. BOURGEOIS: I move that this message from the House of Commons with respect to Bill 13 be referred to the Standing Committee on Banking and Commerce for consideration and report.

The motion was agreed to.

DIVORCE BILLS

SECOND READINGS

On motion of Hon. Mr. McMeans, Chairman of the Committee on Divorce, the following Bills were severally read the second time:

Bill C2, an Act for the relief of Mary Elizabeth Fletcher Meigs Ballantyne.

Bill D2, an Act for the relief of Ada Alice Burns.

Bill E2, an Act for the relief of Marjorie Isabel Meldrum Andersen.

Bill F2, an Act for the relief of Alice Pearl Shaver Booth.

Bill G2, an Act for the relief of Mary Grace French Clarke.

Bill H2, an Act for the relief of John Gerard Ahern.

PRIVATE BILL

SECOND READING

On motion of Hon. Mr. Côté, Bill I2, an Act to incorporate The Roman Catholic Episcopal Corporation of Hudson's Bay, was read the second time.

CANADIAN NATIONAL RAILWAYS REFUNDING BILL

FIRST READING

A message was received from the House of Commons with Bill 107, an Act respecting the Canadian National Railways and to provide for the refunding of mature, maturing and callable financial obligations.

The Bill was read the first time.

NORTHWEST TERRITORIES BILL

FIRST READING

A message was received from the House of Commons with Bill 110, an Act to amend the Northwest Territories Act.

The Bill was read the first time.

FARMERS' CREDITORS ARRANGEMENT BILL

FIRST READING

A message was received from the House of Commons with Bill 25, an Act to amend the Farmers' Creditors Arrangement Act, 1934.

The Bill was read the first time.

PRIVATE BILL

FIRST READING

Bill 15, an Act to incorporate the Niagara Falls Observation Bridge Company.—Hon. Mr. McGuire.

BUSINESS OF THE SENATE

On the motion to adjourn:

Hon. Mr. DANDURAND: Honourable senators, before moving the adjournment of the House I would remind the members of the Special Committee on Railways that the committee will meet again as soon as the Senate rises. I would also inform honourable members that when the Senate convenes on Monday evening there will be a very short sitting and the remainder of the evening will be devoted to the Copyright Bill in the Banking and Commerce Committee.

The Senate adjourned until Monday, May 16, at 8 p.m.

THE SENATE

Monday, May 16, 1938.

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

Prayers and routine proceedings.

DIVORCE BILLS

THIRD READINGS

On motion of Hon. Mr. McMeans, Chairman of the Committee on Divorce, the following Bills were severally read the third time, and passed:

Bill C2, an Act for the relief of Mary Elizabeth Fletcher Meigs Ballantyne.

Bill D2, an Act for the relief of Ada Alice Burns.

Bill E2, an Act for the relief of Marjorie Isabel Meldrum Andersen.

Bill F2, an Act for the relief of Alice Pearl Shaver Booth.

Bill G2, an Act for the relief of Mary Grace French Clarke.

Bill H2, an Act for the relief of John Gerard Ahern.

ADJOURNMENT—BANKING AND COMMERCE COMMITTEE

Hon. Mr. DANDURAND: Honourable senators, in moving adjournment of the House, I would remind members of the Standing Committee on Banking and Commerce that the committee will sit immediately after the Senate rises.

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

THE SENATE

Tuesday, May 17, 1938.

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

Prayers and routine proceedings.

COUNTRIES ENJOYING MOST-FAVOURED-NATION TREATMENT

INQUIRY

On the inquiry by Hon. Mr. Beaubien:

1. How many nations benefit, on the Canadian market, by the privileges of the most-favoured-nation clause?

2. What is the date of the treaty granting such privileges in each case?

Hon. Mr. DANDURAND: As the honourable gentleman is not in his seat at the moment, I shall not read the list of the countries which enjoy the most-favoured-nation treatment, but shall place it on Hansard.

1. Exclusive of countries in the British Empire, thirty-two countries enjoy most-favoured-nation treatment in tariff matters by Canada.

I surmise that the term "British Empire" goes beyond what constitutes the Commonwealth of Nations.

2. Country—Date of Treaty or Effective Date

Argentine Republic, 2nd February, 1825.
Brazil, 21st June, 1937.
Belgium, including colonies and Luxembourg, 22nd October, 1924.
Bolivia, 22nd July, 1935.
Colombia, 16th February, 1866.
Czechoslovakia, 14th November, 1928.
Costa Rica, 27th July, 1935.
Denmark, 13th February, 1660-1.
Esthonia, 1st September, 1928.
Finland, 1st August, 1925.
*France, including colonies and possessions, 10th June, 1933.
Germany, 15th November, 1936.
Guatemala, 27th July, 1935.
Hungary, 1st August, 1928.
Hayti, 15th July, 1935.
Italy, 8th January, 1924.
Japan, 1st May, 1913.
Latvia, 14th July, 1928.
Lithuania, 15th September, 1928.
Netherlands, including Netherlands Indies, Surinam and Curaçao, 28th October, 1925.
Norway, 18th March, 1826.
Portugal, 1st October, 1928.
Panama, 27th July, 1935.
Poland, 15th August, 1936.
Roumania, 1st August, 1928.
Serb-Croat-Slovene Kingdom, 9th August, 1928.
Spain, 1st August, 1928.
Sweden, 18th March, 1826.
Switzerland, 6th September, 1855.
Salvador, 17th November, 1937.
United States of America, including possessions, 1st January, 1936.
Venezuela, 18th April, 1825.

* Only on goods enumerated in schedules C and D of the Canada-France Trade Agreement.

RAILWAYS IN SASKATCHEWAN AND QUEBEC

INQUIRY

Hon. Mr. CASGRAIN inquired of the Government:

1. How many miles of railway were built by the province of Saskatchewan?
2. What is the amount of bonds per mile?
3. How many coupons of those bonds were paid by the province of Saskatchewan?
4. How many miles of these railways were taken by the Union Government in 1917?
5. What is the mileage of railways in Saskatchewan?
6. What is the mileage of railways in the province of Quebec?
7. How many persons are there per mile of railway in Saskatchewan?
8. How many persons are there per mile of railway in Quebec?
9. What are the receipts per mile in money in Saskatchewan?
10. What are the receipts per mile in money in the province of Quebec?

Hon. Mr. DANDURAND: The honourable gentleman will find the answers on Hansard to-morrow.

1, 2, 3 and 4. No record in Dominion Bureau of Statistics of any railway being built by the province of Saskatchewan.

At June 30, 1917, Saskatchewan—

Name of Railway	Miles of Road Operated	Bonds Outstanding Guaranteed by Province, $15,000 per mile
Can. North. Ry. Co...	1,155	$13,709,400.00
Can. North., Sask.. ..	255	1,174,813.33
G.T.P. branch lines.. ..	760	11,328,892.00
G.T.P. Sask. Ry.	605	.....
Bridges and terminals		
Grand Trunk branch lines		1,882,240.00
	2,775	$28,095,345.33

Canadian Northern taken over by Dominion Government for operation September, 1917; Grand Trunk Pacific, March, 1919. No interest on above was paid by the province of Saskatchewan.

5. On December 31, 1936, 8,623·52 miles.
6. On December 31, 1936, 4,777·45 miles.
7. 108.
8. 648 (population estimated).
9. Data not available.
10. Data not available.

QUEBEC BATTLEFIELDS

INQUIRY

On the inquiry by Hon. Mr. Blondin:

1. With reference to the Quebec battlefields, what amount of insurance is represented by the $2,000 premium of insurance?
2. What is the nature of such insurance, whether against fire, accidents, robbery, etc.?
3. What are the buildings, machinery, materials or any other properties covered by such insurance, and what is the amount and what is the purpose of insurance on each article insured?
4. How many years are covered by such premium?
5. What is the name of the insurance agent or agents, and if representing one or many firms, what is the name of such firm or firms?
6. What is the percentage or commission charged, and what is the individual valuation put on each and every one of the insured articles or buildings?

Hon. Mr. DANDURAND: The answers which were prepared for the Senate were not deemed by the Department of Finance to be complete. There will be a complete answer within a day or two. I would ask that the inquiry stand.

COST OF TURGEON ROYAL COMMISSION ON GRAIN

INQUIRY

Hon. Mr. GILLIS inquired of the Government:

1. What is the total expense to the country of the Turgeon Royal Commission on Grain (1) already paid, and (2) accrued and to be paid?
2. What is the total expense (1) for allowances, and (2) for travel and expenses (a) already paid, and (b) accrued and to be paid to each member of the Commission?
3. What is the total amount (1) for services, and (2) for travel and expenses (a) already paid and (b) accrued and to be paid to each person who was employed by or in the service or assistance of the Commission?
4. What was the service or assistance rendered to the Commission by each of the persons referred to in question 3?
5. In what parts of the world did the Royal Commission travel and hold hearings or make inquiries?

Hon. Mr. DANDURAND: I have an answer for the honourable gentleman. As it is somewhat lengthy, I shall not read it, but shall send him a copy, and the answers will appear in Hansard.

1. (1) Already paid to May 11, 1938, $140,-749.19.

(2) Accrued and to be paid, not over $1,000, plus cost of printing report.

2. Hon. W. F. A. Turgeon—Commissioner.

Total expense (a) already paid (1) for allowances, $12,880, (2) for travel, $2,911.34; (b) accrued and to be paid, (1) nil; (2) nil.

3 and 4—

(a) Total amount already paid (1) for services, (2) for travel and expenses.

Name—Service rendered	Honorarium	Living Allowance	Legal Fees	Salary	Travel Expenses	Reporting services	Professional services
Dr. T. W. Grindley, secretary..	$1,000	....	....	....	$5,301.55	....	....
R. H. Foster, asst. secretary..	....	....	....	$3,530.32	1,503.25	....	....
J. L. Ralston, K.C., counsel. ..	....	$3,675	$37,399	....	1,577.95	....	....
J. E. Coyne, asst. counsel.. ..	....	2,470	18,475	....	1,308.74	....	....
W. C. Hamilton, K.C., legal advice..	....	....	3,700	....	196.93	....	....
A. L. Burgess, clerk..	....	....	....	1,787.10	1,623.51	....	....
J. A. Thompson, clerk-steno. ..	....	....	....	1,785.00	2,189.48	....	....
P. H. Shelton, reporter..	....	....	....	....	1,274.35	$11,655.14	....
W. W. Buskard, reporter.. ..	....	....	....	....	1,251.96	....	....
Jos. L. Donovan, reporter.. ..	....	....	....	....	....	1,488.47	....
D. Langfield, reporter..	....	....	....	....	....	1,086.96	....
W. L. Walker, reporter..	....	....	....	....	34.40	....	....
G. H. Taylor, reporter..	....	....	....	....	42.35	504.35	....
Gurney Sons & Funnell, reporters	....	....	....	....	280.56	2,017.87	....
Miare, Maccari & Mercier, reporters..	....	....	....	....	....	5.05	....
A. R. Kennedy, reporter.. ..	....	....	....	....	62.94	....	....
Price, Waterhouse & Co., chartered accountants..	....	....	....	....	....	....	$10,124.17
Glendinning, Gray & Roberts, chartered accountants.. ..	....	....	....	....	....	....	75.00
Miss M. Hydes, steno.	....	....	....	170.00	....	....	....
Miss V. McLoughrey, steno. ..	....	....	....	21.00	....	....	....

3 and 4—

(a) Total amount already paid (1) for services, (2) for travel and expenses.

Name—Service rendered	Honorarium	Living Allowance	Legal Fees	Salary	Travel Expenses	Reporting services	Professional services
Miss L. Stewart, steno.	....	....	....	20.00	....	....	....
Miss I. Hackett, steno.	....	....	....	....	1,059.15	....	....
Mrs. H. M. McPhaden, steno.	....	....	....	....	674.41	....	....
Miss M. MacHale, steno.	....	....	....	60.00	....	....	....
Miss C. L. Bawden, steno.	....	....	....	169.76	....	....	....
Miss J. Bucke, steno.	....	....	....	21.25	....	....	....
Miss B. E. Hill, steno.	....	....	....	5.00	....	....	....
Mrs. J. A. Corse, steno.	....	....	....	80.00	....	....	....
Miss M. Tod, steno.	....	....	....	5.84	....	....	....
Mrs. J. Duncan, steno.	....	....	....	97.33	....	....	....
Miss Stevens, steno.	....	....	....	40.40	....	....	....
Miss M. N. Hopkins, steno.	....	....	....	43.80	....	....	....
Miss M. Eadie, steno.	....	....	....	25.00	....	....	....
Mrs. A. G. Chamberland, steno.	....	....	....	546.67	....	....	....
Miss E. G. Howley, steno.	....	....	....	132.86	....	....	....
Miss M. P. McManus, steno.	....	....	....	76.67	....	....	....
L. H. Newman, witness.	....	....	....	....	99.56	....	....
C. F. Wilson, witness.	....	....	....	....	141.25	....	....
Dr. H. S. Patton, witness.	....	....	....	....	117.80	....	....
J. Smart, witness.	....	....	....	....	26.40	....	....
J. Glossop, witness.	....	....	....	....	140.74	....	....
W. M. Denton, witness.	....	....	....	....	22.65	....	....
A. Rawlins, witness.	....	....	....	....	11.70	....	....
J. J. Thurston, witness.	....	....	....	....	5.00	....	....
W. Robinson, witness.	....	....	....	....	36.85	....	....
Chas. Fittes, witness.	....	....	....	....	20.00	....	....
Hon. W. R. Motherwell, witness	....	....	....	....	29.25	....	....
James Gerein, witness.	....	....	....	....	13.25	....	....
Neil McTaggart, witness.	....	....	....	....	14.00	....	....
J. Einarsson, witness.	....	....	....	....	33.60	....	....
W. Clifford, witness.	....	....	....	....	7.60	....	....
W. R. Doyle, witness.	....	....	....	....	12.00	....	....
V. Poloway, witness.	....	....	....	....	30.00	....	....
Alex. MacDonald, witness.	....	....	....	....	15.00	....	....
B. F. Davidson, witness.	....	....	....	....	15.00	....	....
S. E. Burch, witness.	....	....	....	....	5.00	....	....
Prof. F. A. Knox, witness.	....	....	....	....	12.95	....	....
Dr. J. E. Lattimer, witness.	....	....	....	....	15.95	....	....
J. I. McFarland, witness.	....	....	....	....	191.50	....	....
Ben Cool, witness.	....	....	....	....	15.00	....	....
Dr. A. E. Taylor, witness.	....	....	....	....	135.70	....	....
	$1,000	$6,145	$59,574	$8,618.00	$19,549.28	$16,757.84	$10,199.17

Questions 3 and 4—(b) Total amount (1) for services, (2) for travel and expenses, accrued and to be paid to each person.

Name—Service rendered	Salary	Travel Expenses
R. H. Foster, Asst. Secretary	$100 00	
J. A. Thomson, Clerk-Stenographer	175 00	$25 00
Mrs. A. G. Chamberland, Stenographer	100 00	
Miss C. L. Bawden, Stenographer	60 00	
Miss E. G. Howley, Stenographer	60 00	
Miss M. P. McManus, Stenographer	60 00	
Total	$555 00	$25 00

5. Canada, United States, United Kingdom, France, Netherlands and Belgium.

REPORT OF TURGEON ROYAL COMMISSION

INQUIRY

Hon. Mr. GILLIS inquired of the Government:

What matters or facts relating to the grain industry of Canada that were heretofore unknown to Parliament and men in the industry did the Turgeon Royal Commission on Grain discover and report upon to the Government and Parliament?

Hon. Mr. DANDURAND: I have received the following answer to the inquiry:

The Commissioner, Mr. Justice Turgeon, was asked by the Government to inquire into and report upon the various matters cited in the Order in Council P.C. 1577 of 27th June, 1936. The report tabled in the House of Commons on Monday, May 9, embodies a review of the evidence taken and the judgment of the Commissioner upon each of the specified subjects listed in the Order in Council.

The inquiry related chiefly to economic matters and facts. These are listed and related in the report in such a way that a proper and considered judgment may be derived from them. It is impossible to state what matters or facts were "unknown to Parliament and men in the industry."

The Order in Council referred to reads as follows:

P.C. 1577. Certified to be a true copy of a Minute of a Meeting of the Committee of the Privy Council, approved by His Excellency the Governor General on the 27th June, 1936.

The Committee of the Privy Council have had before them a report from the Acting Minister of Trade and Commerce, stating that the various problems pertaining to the production and marketing of Canadian wheat and other grains have been engaging the earnest consideration of the Sub-Committee of the Privy Council, consisting of the Minister of Agriculture, the Minister of the Interior, the Minister of Finance and the Minister of Trade and Commerce, which Sub-Committee was authorized to examine and advise upon such matters; that the Sub-Committee has taken cognizance of the discussions upon the subject in the House of Commons and has come to the conclusion that it would be to the public advantage that an inquiry be made into all the matters involved.

The Minister, therefore, recommends that the Honourable William Ferdinand Alphonse Turgeon, of Regina, Saskatchewan, a Judge of the Court of Appeal of Saskatchewan, be appointed a Commissioner under Part I of The Inquiries Act, being Chapter 99 of the Revised Statutes of Canada, 1927, to inquire into and to report upon the subject of the production buying, selling, holding, storing, transporting and exporting of Canadian grains and grain products, and other questions incident to such matters, and in particular, but without restricting the generality of the foregoing terms, to inquire into and to report upon:

1. The method now or heretofore employed in marketing Canadian grains abroad, including Government grain boards, co-operative or pool marketing, price stabilization measures and the open market or competitive method; and the effect of these various methods upon markets.

2. All transactions since the year 1930 pertaining to the handling of grain for relief and seeding purposes in the provinces of Manitoba, Saskatchewan and Alberta under the Dominion Government guarantee, or otherwise.

3. The extent, if any, to which the Canadian Wheat Board protected speculative short interests in the Winnipeg wheat market in December 1935, immediately following the higher price fixed by the Argentine Government for Argentine wheat; and the effect, whether beneficial or harmful, of any such action taken by the Board.

4. The effect of the practice of mixing and of the selection of grain for protein content by millers and exporters.

5. The causes of the decrease in Canadian grain exports in recent years.

6. The measures which should be taken to retain and to extend the marketing throughout the world of Canadian wheat and other grains and their products.

The Minister further recommends that for the purpose of making such inquiry the Commissioner shall have the special authority specified under Part 3 of The Inquiries Act aforesaid.

The Minister further recommends that the Commissioner be instructed to make his report as speedily as possible.

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

(Signed) E. J. Lemaire,
Clerk of the Privy Council.

Hon. Mr. GILLIS: This is a very gratifying answer, I am sure.

Hon. Mr. DANDURAND: I am quite certain the honourable gentleman will be very much interested in the report.

PELAGIC SEALING CONVENTION BILL

FIRST READING

A message was received from the House of Commons with Bill 98, an Act respecting the North Pacific Pelagic Sealing Convention.

The Bill was read the first time.

DIVORCE AND MATRIMONIAL CAUSES BILL

CONSIDERED IN COMMITTEE

On the Order:

The House again in Committee of the Whole on Bill B, an Act respecting Divorce and Matrimonial Causes, as amended.—Hon. Mr. Murdock.

The Hon. the SPEAKER: Honourable members of the Senate, before I leave the Chair I should like to make a short state-

ment with regard to a certain question of procedure in relation to Bill B which was raised on Thursday last. It was not possible, in rendering my decision, to quote the authorities, owing to the limited time available at the moment. As a matter of fact there does not appear to be any specific rule covering the point. It has been suggested, however, by an honourable member, that I should make a reference to the matter, coupled with the reasons for my decision, and this I now do.

Senate Rule 1 states that in instances where the Senate has no rule applicable to the question under consideration, the Rules and Procedure of the House of Lords shall be followed.

The Senate has no specific rule with respect to the recommittal of a Bill; therefore we must go to the House of Lords for guidance.

May, page 420:

A Bill may be recommitted as often as the House thinks fit. Bills have been recommitted twice, and even six or seven times.

Sometimes, after the House has ordered a Bill to be read the third time on a future day, this order is discharged and the Bill recommitted; or amendments have been moved—

as was done by the honourable the junior senator from Winnipeg (Hon. Mr. Haig)—

—to the question for reading a Bill the third time in order to obtain the recommittal of the Bill . . .

Even though a Bill has been considered by a select committee—

as in the case of Bill B—

—it is recommitted to a Committee of the Whole House.

May, at page 419:

A Bill may be recommitted without limitation, in which case the entire Bill is again considered in Committee and reported with "other" or "further" amendments.

The practice as outlined has been followed by the Senate on many occasions. The procedure followed on Thursday was strictly in order.

There also seemed to be some confusion on the question whether Bill B was a private Bill. A private Bill is one that must be founded on a petition, after due advertisement in the Gazette and local newspapers. Before a private Bill can be presented it must receive the consideration of the Standing Orders Committee, and printing and translating costs must be paid. Bill B is a public Bill. It was not founded on a petition, and not advertised, and no fees were paid.

CONSIDERED IN COMMITTEE

The Senate again went into Committee on the Bill.

Hon. Mr. Murdock in the Chair.

The CHAIRMAN: When this Bill was in Committee the other day we had proceeded, I think, to the extent of discussing it up to clause 4, giving some consideration to clause 5, and returning to clause 4. Then the Committee rose, reported progress and asked leave to sit again. It would now appear that we should begin at clause 6 of the Bill.

On clause 6—grounds of petition for divorce, etc.:

Hon. Mr. HUGESSEN: Perhaps I should explain that when the Committee rose the other day, at my suggestion, the intention was to see whether certain amendments could not be made to clause 6 in order to meet the constitutional objection raised by the honourable senator from Vancouver South (Hon. Mr. Farris). It was thought then that it might be necessary to amend clause 6. I understand, however, that after discussion and consideration it has been decided to submit certain amendments to clauses 12 and 13 which will accomplish the same purpose with respect to the question of constitutionality. Therefore, so far as my suggestion of the other day is concerned, I have no amendment to offer to clause 6 as now before the Committee.

Section 6 was agreed to.

Sections 7 to 11, inclusive, were agreed to.

On section 12—new grounds for decree of nullity:

Hon. W. M. ASELTINE: Honourable senators, in connection with this section I should like to place on the record some observations having to do with the constitutional question which arose the last time this Bill was being considered in Committee. The honourable senator from Vancouver South (Hon. Mr. Farris) was in my opinion quite right in contending that at common law, in the case of an avoided marriage, the marriage is decreed void as from the beginning. But this Bill is one to amend the common law, and it does not at all follow that application of the four new grounds of voidability which section 12 provides will produce the same results as in a case resting on the common law. Indeed, the Bill indicates quite the reverse.

Consider paragraph (a) of section 12. This, by the way, cannot be held to relate to solemnization or to common law nullity, since it relates, expressly, to consummation after marriage. The maxim "consensus, non concubitus, facit matrimonium" has the authoritative endorsement of the House of Lords.

The other three paragraphs of section 12 all assume an existing, valid marriage, interruptable within one year, by election, because of what is tantamount to fraud. The doctrine is, as in the English Act, mentioned as one of "nullity," and heading and side note use the same expression. But the results provided for are not those of nullity at common law, and that the marriage is not treatable as void from the beginning is plain. Also, by reason of section 4, the provisions of sections 12 and 13 are segregated as new jurisdiction. And lines 26 to 28 of section 4 state:

> And such new jurisdiction, so conferred, and that only, shall be deemed to be based upon and derived under this Act.

Upon the avoidance of a marriage on any of the four new grounds all the ordinary incidents of a dissolution of marriage are to result. This is quite unlike a common law "null" or "avoided" marriage.

Note, for example, section 14. "Nullity" is therein bracketed with divorce and judicial separation, with the same consequences. The annulled marriage of which the section speaks gives "the wife" all the alimony and other advantages of any other "wife." And the children are not only legitimate, under section 13, but under subsection 2 of section 14 they, "on any decree of nullity of marriage," are entitled to have moneys secured for them until they are of age.

For the foregoing reasons I believe the Bill as a whole is intra vires; but I think it should be amended so as to remove the reasonable doubts of those who have raised objections to sections 12 and 13.

I intend to move the following amendments, seconded by the honourable the senior senator from Winnipeg (Hon. Mr. McMeans). In view of the fact that section 5 was reinserted, it will be necessary to renumber all the sections as they originally appeared in print on second reading.

The CHAIRMAN: We shall do that at the conclusion.

Hon. Mr. ASELTINE: Then I move the following amendments:

Page 4, line 15: leave out "seven"; restore "eight."

Page 4, line 19: leave out "six"; restore "seven."

Page 5, line 13: leave out "six"; restore "seven"; and leave out "seven"; restore "eight."

Page 5, line 41: leave out "twelve"; restore "thirteen."

Page 6, line 14: leave out "eleven"; restore "twelve."

Page 6, line 19: strike out "annulment" and substitute "avoidance."

Page 6, lines 23 and 24: between lines 23 and 24 insert the following as new subsections 2 and 3, and renumber existing subsections 2 and 3 as 4 and 5. Before reading subsection 2 I should like to point out—

The CHAIRMAN: Will the honourable senator allow the Committee to deal again with section 11?

Hon. Mr. ASELTINE: I think we adopted 11. We are dealing with 12.

The CHAIRMAN: I should like to ask the chairman of the special committee whether the word "desertion" was struck out of line 31 of section 11. My impression is that it was struck out. Then the subsection would read:

> On any such petition for divorce the court may treat the decree of judicial separation as sufficient proof of the adultery or other ground on which it was granted . . .

Hon. Mr. McMEANS: The idea apparently was to provide that the evidence taken on an application for judicial separation, after, say, the lapse of three years, could be used in an action for divorce, which could not be instituted until after the lapse of five years.

Hon. Mr. ASELTINE: I was dealing with a proposed amendment of section 13 when you, Mr. Chairman, referred back to section 11. In connection with the amendment which I intend to offer, I would say that the oldest jurisdiction in Canada having to do with divorce and matrimonial causes is that of the province of Nova Scotia. In 1866 the law of that province was amended to read that the court might direct the examination of witnesses orally and declare by definite sentence or otherwise the marriage between the parties to the suit null and void from such time as the court might deem proper. It is chiefly in view of this law that we propose to surmont the difficulty raised by the honourable senator from Vancouver South (Hon. Mr. Farris). The proposed subsection 2, which I was dealing with, would read as follows:

> In the case of a marriage avoided pursuant to paragraph (a) of section 12, the decree shall relate back to such date, not earlier than three months after the date of the marriage, as shall be fixed and named in the decree by the court.

In other words, it does not become void ab initio.

Then subsection 3 of section 13:

> In the case of a marriage avoided pursuant to paragraphs (b), (c) or (d) of section twelve the decree shall relate back to such

date, not earlier than the time of discovery by the petitioner of the existence of the grounds for a decree, and such date shall be fixed and named in the decree by the court.

By those amendments, I submit, the constitutional difficulty will be overcome.

There are some further amendments on page 6. At line 19 leave out the word "annulment" and substitute the word "avoidance." Line 25, leave out "eleven" and restore "twelve." At line 28, leave out "eleven" and restore "twelve." At lines 32 and 33, leave out the first two lines of section 14 and substitute the following:

When a petition for divorce or judicial separation or avoidance of marriage has been presented to the court under and pursuant to any one or more of sections six to thirteen, both inclusive, of this Act, the court shall—

And then the remainder of the clause remains.

Then on page 7, line 2, leave out "nullity of marriage" and substitute "avoidance of marriage made under and pursuant to this Act."

On page 7, line 2, leave out clause 18.

The CHAIRMAN: You said to leave out something from page 7, line 2. Would you repeat that? You had one amendment in line 2, to strike out "nullity of marriage" and insert "avoidance of marriage."

Hon. Mr. ASELTINE: "Avoidance of marriage made under and pursuant to this Act."

The CHAIRMAN: What is the other amendment?

Hon. Mr. ASELTINE: Strike out clause 18.

Hon. Mr. ROBINSON: Line 31.

Hon. Mr. ASELTINE: Yes.

The CHAIRMAN: What is your pleasure as to these amendments? Shall we take them up one at a time as we come to them?

Some Hon. SENATORS: Carried.

The CHAIRMAN: Shall these amendments that have been proposed carry?

Right Hon. Mr. MEIGHEN: I am in favour of the amendments as I understand them, but I think the Committee desires to have their purpose clearly in mind. There was a difference of view as to a possible doubt arising.

The CHAIRMAN: Would the honourable senator (Hon. Mr. Aseltine) let me have a copy of what he is proposing?

Right Hon. Mr. MEIGHEN: There was a difference of view about the possibility of doubt arising in respect of Dominion jurisdiction as to avoidance. The ground of the doubt, according to the honourable senator from Vancouver South (Hon. Mr. Farris)—and probably he is correct—was that inasmuch as avoidance under the common law jurisdiction, not in respect of jurisdiction founded upon this measure, is retroactive to the extent of declaring the marriage void ab initio, there might be an infringement upon provincial jurisdiction as to nullity. It will be recalled that I took the view that there would not be an infringement, and the honourable senator from Vancouver South very strongly insisted that there was at least a doubt.

Now, Parliamentary Counsel has been good enough to outline a via media, if I may so call it, though he maintains very strongly that our jurisdiction in avoidance is undoubted. This via media provides for avoidance without necessarily making the marriage void ab initio. I have not had an opportunity of consulting with the honourable senator from Vancouver South, but I know he will have read the memorandum prepared by Parliamentary Counsel. I am in entire agreement with this method of meeting the situation, and if the honourable senator agrees with it the work of the Committee will, I am sure, be facilitated. I have no doubt that this is what is suggested by the honourable senator from West Central Saskatchewan (Hon. Mr. Aseltine), but I should like to be certain that the senator who raised the point (Hon. Mr. Farris) feels that this is the best method of handling the matter.

Hon. Mr. FARRIS: Honourable senators, I am not sure whether this is the best method or not, but I think it is an effective method, and, after all, that is all we need. As I said when this question was up before, my apprehension was that an avoidance simplicitur did constitute an avoidance ab initio, interfering with the contract which was made by the parties at the ceremony, and which was part of the solemnization. This amendment, clearly, prevents that from happening, for it fixes the date of nullification—if that is not a contradiction of terms. The only thing that bothers me is its artistic correctness. But we have the precedent of a statute of Nova Scotia which has been sixty or seventy years in existence. So I think that in the circumstances the proposal might very well be accepted as meeting the situation.

Right Hon. Mr. MEIGHEN: Perhaps the better way would be to hand the memorandum to the Chairman.

The CHAIRMAN: I have a copy now.

The proposal now before us is to strike out on page 4, line 15, the word "seven" and restore the word "eight." That will be necessary, I judge, as a result of some amendments made, and the adoption or re-adoption of section 5 of the Bill.

The amendment was agreed to.

The CHAIRMAN: Then, page 4, line 19, strike out "six" and restore "seven."

The amendment was agreed to.

The CHAIRMAN: On page 5, line 13, strike out "six" and restore "seven."

The amendment was agreed to.

The CHAIRMAN: Also leave out "seven" and restore "eight" in the same line.

The amendment was agreed to.

The CHAIRMAN: Then, on page 5, line 41, leave out "twelve" and restore "thirteen." Shall that carry?

The amendment was agreed to.

Hon. Mr. HUGESSEN: Was the heading in line 41 of page 5 not to be changed by the insertion of "Avoidance" instead of "Nullity"?

Right Hon. Mr. MEIGHEN: I think so.

Hon. Mr. ASELTINE: I am advised by the Senate Counsel that that and the marginal note are matters of clerical correction.

The CHAIRMAN: On page 5, at line 41, the word "Nullity" will be struck out and the word "Avoidance" substituted.

Section 12 as amended was agreed to.

On section 13—limitation of effect of section 12:

The CHAIRMAN: Page 6, line 14, leave out "eleven" and restore "twelve."

The amendment was agreed to.

The CHAIRMAN: Then page 6, line 19, strike out "annulment" and substitute "avoidance."

Hon. Mr. PARENT: I understand, of course, that after all these amendments have been carried the Bill will be reprinted so that the Senate may know what it is about. We cannot amend a Bill of this nature without knowing what we are doing. Just a few honourable members have certain papers in their hands; everybody has not got them.

The CHAIRMAN: The amendments will appear in the Minutes to-morrow.

Hon. Mr. PARENT: There should be an entirely new Bill. Then we shall have time to think it over.

The CHAIRMAN: That will be determined by the Senate.

The amendment was agreed to.

The CHAIRMAN: Now, page 6, lines 23 and 24: between lines 23 and 24 insert the following as new subclauses 2 and 3, and renumber existing subclauses 2 and 3 as 4 and 5. The new subclauses would be as follows:

(2) In the case of a marriage avoided pursuant to paragraph (a) of section twelve the decree shall relate back to such date, not earlier than three months after the date of the marriage, as shall be fixed and named in the decree by the court.

Shall the new subsection carry?

Hon. Mr. LYNCH-STAUNTON: What is the meaning of that?

Right Hon. Mr. MEIGHEN: It just means that in the event of an avoidance founded upon subclause (a), which relates to refusal to consummate, the avoidance cannot be made an avoidance ab initio, or in effect relate farther back than to a date three months subsequent to the marriage.

Hon. Mr. LYNCH-STAUNTON: What is the point? What is the difference between making it void three months after the marriage and making it void ab initio?

Right Hon. Mr. MEIGHEN: The difference is just three months, that is all.

Hon. Mr. LYNCH-STAUNTON: Does the right honourable gentleman say that is all the difference?

Right Hon. Mr. MEIGHEN: That is all the difference. That is not a smart answer.

The CHAIRMAN: Shall this new subsection 2 of clause 13 on page 6 carry?

The amendment was agreed to.

The CHAIRMAN: Now, new subsection 3 of the same section:

(3) In the case of a marriage avoided pursuant to paragraphs (b), (c) or (d) of section twelve the decree shall relate back to such date, not earlier than the time of discovery by the petitioner of the existence of the grounds for a decree, and such date shall be fixed and named in the decree by the court.

Shall this new subsection carry?

Right Hon. Mr. MEIGHEN: It seems very logical.

Hon. Mr. LYNCH-STAUNTON: Is this a Chinese puzzle?

Right Hon. Mr. MEIGHEN: It is really very simple. There are three causes, besides the one I mentioned before, for which, if established, the marriage may be avoided.

They are really causes that might be said to revolve around the establishment of fraud. That is to say, if the marriage was secured by some quasi-fraudulent method, such as a man representing himself as fit to be married when he was not, the quasi-fraudulent character of his act, if established, would give grounds for avoidance of that marriage contract. Then the declaration of avoidance can relate back in any single case not farther than to the discovery of the existence of the facts upon which the fraud is alleged. That is to say, if one party finds a month after, a year after, or a week after, that one of these causes existed, and desires to have the marriage avoided on that account, and establishes the cause, the decree takes effect not earlier than the date of the discovery of the facts.

Hon. Mr. LYNCH-STAUNTON: Under the present law, when one of the parties to a marriage is shown to have been insane at the time of the marriage, is the other party not entitled to a declaration that the marriage was void ab initio? You cannot consent if you are insane.

Right Hon. Mr. MEIGHEN: I presume there might be unsoundness of mind which would be not of such a character as to give grounds for nullity, but sufficient to give grounds for avoidance. I do not know just what the doctrine of nullity based on unsoundness of mind is.

Hon. Mr. LYNCH-STAUNTON: I am asking this seriously, because it seems to me that Parliament is saying that the nullity shall be only from the time of the discovery of insanity, while provincial legislation might provide that the petitioner is entitled to a decree of nullity ab initio. In such circumstances there would be a contradiction.

Right Hon. Mr. MEIGHEN: No. If the suit were for a declaration of nullity ab initio, based on provincial legislation, then the petitioner would be entitled to such a declaration, no matter what we enacted.

The amendment was agreed to.

The CHAIRMAN: The subsections that were numbered 2 and 3 in the original Bill will be subsections 4 and 5. Is it necessary that I read the section as it is proposed to be amended, or shall it carry?

Some Hon. SENATORS: Carried.

Section 13, as amended, was agreed to.

On section 14, subsection 1—alimony—powers of court:

Hon. Mr. LYNCH-STAUNTON: Can alimony be given where there never was a marriage?

The CHAIRMAN: The amendment is to strike out lines 32 and 33 on page 6, at the commencement of section 14, and substitute the following:

When a petition for divorce or judicial separation or avoidance of marriage has been presented to the court under and pursuant to any one or more of sections six to thirteen, both inclusive, of this Act, the court shall . . .

The rest of the subsection is unchanged.

The amendment was agreed to, and subsection 1 as amended was agreed to.

On subsection 2—money may be ordered to be applied for benefit of children:

The CHAIRMAN: The amendment is to strike out the words "nullity of marriage" in line 2, and substitute "avoidance of marriage made under and pursuant to this Act." This would make the subsection read as follows:

The court may, if it thinks fit, on any decree of divorce or avoidance of marriage made under and pursuant to this Act order the husband, or (in the case of a petition for divorce by a wife on the ground of her husband's insanity) order the wife to secure for the benefit of the children such gross sum of money or annual sum of money as the court may deem reasonable: Provided that...

There is no change in the proviso.

The amendment was agreed to, and subsection 2 as amended was agreed to.

Section 14, as amended, was agreed to.

Sections 15, 16 and 17 were agreed to.

On section 18—when this Act in force:

The CHAIRMAN: The amendment is to strike out section 18.

Right Hon. Mr. MEIGHEN: I have made no inquiry, but I presume that the reason for striking this out is that the Bill, if passed, may not be passed by the first day of July, the date stated here.

Hon. Mr. ASELTINE: Another date could be inserted there.

Right Hon. Mr. MEIGHEN: But that may be done by the House of Commons, I presume.

Hon. Mr. ASELTINE: Yes.

The amendment was agreed to.

The preamble and the title were agreed to.

The Bill was reported, as amended.

ORDER FOR THIRD READING

The Hon. the SPEAKER: When shall this Bill be read a third time?

Hon. Mr. McMEANS: I would suggest that it might be read a third time now.

Hon. Mr. HUGHES: Honourable members, a suggestion was made that, in view of the several amendments made to the Bill, it would be reprinted and sufficient time would be given to honourable members to re-read it. If that course meets with the approval of the House, the third reading would have to go over until the next sitting, in any event.

Right Hon. Mr. MEIGHEN: Maybe after consideration for another twenty-four hours the honourable member will support the Bill?

Hon. Mr. HUGHES: Well, I would not make that promise.

Hon. Mr. McMEANS: If there is any objection to having the third reading now, I am agreeable to putting it over until the next sitting.

Hon. Mr. PARENT: Do I understand, honourable senators, that this Bill will be reprinted in its present form before we are asked to vote upon third reading? After having made so many amendments we should have an opportunity to see how the Bill as a whole reads.

Right Hon. Mr. MEIGHEN: Honourable members, I suggest there is really no need for reprinting the Bill. While a lot of amendments have been made, I should say that about four-fifths of them are for renumbering sections because of our having reinserted a section that had been stricken out. There are only two other changes. Two subsections provide for the earliest date at which a declaration or decree of avoidance can take effect, and in another section the words "avoidance of marriage" are substituted for "nullity of marriage." The various amendments will appear in the Minutes to-morrow.

The Bill was ordered to be placed on the Order Paper for third reading to-morrow.

UNEMPLOYMENT AND AGRICULTURAL ASSISTANCE BILL

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 105, an Act to assist in the alleviation of Unemployment and Agricultural Distress.

He said: Honourable senators, the purpose of this Bill is stated clearly in the preamble:

Whereas it is in the national interest that the Dominion should continue for a further period to support and supplement the measures of the provinces and other bodies to establish certain unemployed persons in gainful occupations, to train other unemployed persons for like establishment and to assist those in need and thereby lessen provincial and municipal burdens consequent upon unemployment and agricultural distress.

The object is to provide for a continuation, in the coming fiscal year, of federal support to the provinces and other bodies in their efforts to alleviate unemployment and agricultural distress. The terms of the Bill are essentially the same as those of the Unemployment and Agricultural Assistance Act, 1937, which expired on March 31. The measure authorizes negotiation of agreements with the provinces and others to support and supplement directly their financial efforts to the extent that Parliament appropriates moneys for the purposes mentioned, and, indirectly, to make loans, to such of the provinces as require that form of assistance, of an amount up to, but not exceeding, their respective shares of the costs of projects and undertakings which they may carry on, under the agreements, during the coming fiscal year.

Although conditions relative to unemployment in general, throughout the Dominion, and to agricultural distress in certain areas have considerably improved within the last twelve months, the Government considers that necessity still exists for a continuation of Dominion support to the provinces and, through them, to the municipalities.

The terms of the Bill are sufficiently broad to allow the Governor in Council to continue to carry on for the year all forms of activities heretofore carried on under preceding relief Acts. In the preamble special emphasis is laid on assisting efforts to train and establish in gainful occupations the unemployed persons who are capable of being so trained and established.

Substantial headway was made in the past year in initiating, organizing and executing, with the co-operation of all provinces, a wide program for the training of youth. The training and rehabilitation of other age groups was also assisted, and it is hoped that the scope of those particular forms of endeavour will be considerably extended through the medium of this proposed legislation.

It is further hoped that within the course of the year substantial progress will be made, through collaboration with the provinces, first in definitely settling constitutional difficulties so as to allow the Dominion and the provinces to make equitable division of the responsibilities and problems of employment, unem-

ployment and retraining, and, secondly, in dealing with those problems in a long-view, comprehensive manner.

Action in this respect will be taken in the light of our own experiences and those of other countries. Assistance and guidance will be sought from the labours and reports of the National Employment Commission and such parts of the reports of the Rowell Commission as may touch upon these problems. In the interim the legislation suggested by this Bill is required to bridge the gap.

As I have already said, the terms of this Bill do not vary in any essential from those of the Act which is now expiring. There are a few changes in the Bill, but these are purely minor and do not change the principle of last year's and previous Acts.

As my honourable colleagues know, the Bill of last year was followed by a special supplementary estimate containing detail votes of the moneys to be spent under the enabling legislation. This year, I understand, instead of a special supplementary estimate to cover the expenditures which will be made when this Bill is enacted, those expenditures will be provided for in the final supplementary estimates.

Right Hon. Mr. MEIGHEN: Is the Government estimating how much money it will be spending under Governor General's warrants over and above both estimates?

Hon. Mr. DANDURAND: My right honourable friend knows that such expenditure is inescapable. If he himself had been confronted with a drought in southern Saskatchewan and southern Alberta he would have been obliged to take the responsibility of asking for special warrants from the Governor General.

Right Hon. Mr. MEIGHEN: The previous practice was to make statutory provision in advance for just that sort of contingency. That statute was spurned by the honourable member.

Hon. Mr. DANDURAND: We proceeded otherwise, and I will now lay before the Senate the form which we adopted last year. That special supplementary estimate contained twelve separate votes as follows:

Vote 301—To provide for commitments under relief settlement agreements with provincial governments.

Vote 302—To provide for federal contribution to provincial and municipal relief projects.

Vote 303—To provide for agricultural re-establishment in co-operation with provincial governments.

Vote 304—To provide for federal contribution to farm employment and supplementary plans.

Vote 305—To provide for outstanding claims for direct relief under Unemployment Relief Acts of previous years.

Vote 306—To provide for outstanding claims for drought area relief under the Relief Act, 1933.

Vote 307—To provide for federal contributions towards the Greater Winnipeg Sewage Disposal Scheme.

My right honourable friend will remember that this sewage disposal scheme was initiated by his own Government in 1934-35.

Vote 308—To provide for development and training projects for unemployed young people.

Vote 309—To provide for direct relief in the dried-out areas.

Vote 310—Amount required to provide for administration expenses generally, including salaries and travelling expenses.

Vote 311—Unforeseen contingencies.

Vote 312—Grants-in-aid.

For the enlightenment of honourable senators, I should like to place on Hansard a detailed statement of what was done under those various heads. The statement is as follows:

Vote 301—To provide for commitments under Relief Settlement Agreements with Provincial Governments, $400,000.

Present Agreements with the Provinces:

Quebec	—December 9, 1936
Manitoba	—August 7, 1936
Saskatchewan	—June 1, 1937
Alberta	—September 30, 1936

Settlements under All Agreements—Provinces and municipalities contributing one-third

Province and Date of agreement	No. of Settlers	No. of Dependents	Total Individuals	Dominion Disbursements
Nova Scotia 1932 Act—May 26, 1932 1934 Act—May 31, 1934	343	1,811	2,154	
New Brunswick 1932 Act—May 17, 1932 1934 Act—Oct. 1, 1934	.....	.....	.....	
Quebec 1932 Act—July 16/32 1934 Act—July 7/34 1936 Act—Dec. 9/36	1,869	9,752	11,621	
Ontario 1932 Act—June 24/32 1934 Act—May 31/34	606	2,384	2,990	
Manitoba 1932 Act—May 1/32 1934 Act—May 28/34 1936 Act—Aug. 7/36	1,177	4,564	5,741	
Saskatchewan 1932 Act—June 6/32 1934 Act—June 4/34 1937 Act—June 1/37	939	3,665	4,604	
Alberta 1932 Act—June 20/32 1934 Act—May 31/34 1936 Act—Sept. 30/36	738	2,722	3,460	
British Columbia 1932 Act—Sept. 9/32 1934 Act—June 6/35	52	233	285	
	5,724	25,131	30,855	settlers
Abandonments and Cancellations	1,229	5,225	6,524	abandoned
	4,425	19,906	24,331	

Vote 302—To provide for federal contribution to provincial and municipal relief projects, $7,331,000.

Revote—(a) to provide for previous commitments made under 1936 Act for which claims would not be received before end of the fiscal year 1936-37		$1,316,117 75
(b) to provide for completion during 1937-38 of projects incompleted under 1936-37 agreements prior to March 31, 1937:		
Quebec	$268,503 12	
Ontario	100,276 60	
Manitoba	10,389 32	
Saskatchewan	90,250 00	
British Columbia	44,850 00	$ 514,269 04
New Works under new agreements 1937-38		$5,500,000 00
Commitments		
Prince Edward Island	$ 90,000 00	
Nova Scotia	275,000 00	
New Brunswick	253,375 00	
Quebec	1,668,240 84	
Ontario	1,670,500 00	
Manitoba	493,000 00	
Saskatchewan	465,250 00	
Alberta	350,000 00	
British Columbia	521,960 78	
		$5,787,326 62

Dominion Commitments under General Agreements

Province	Nature of Undertaking	Dom. Contribution	Total Cost
Prince Edward Island—			
	(a) Trans-Canada and other provincial highways	$ 77,500 00	$ 155,000 00
	(b) Municipal works	12,500 00	50,000 00
	Total	$ 90,000 00	$ 205,000 00
Nova Scotia—			
	(a) Trans-Canada Highway	$ 184,000 00	$ 921,800 00
	(b) Other prov. projects	91,000 00	450,000 00
	Total	$ 275,000 00	$ 1,371,800 00
New Brunswick—			
	(a) Trans-Canada Highway	$ 253,375 00	$ 506,750 00
	(b) In lieu of grant-in-aid provincial projects	147,375 00	
	municipal works	74,125 00	443,250 00
	Total	$ 475,000 00	$ 950,000 00
Quebec—			
	(a) New works	$ 1,534,837 00	$ 3,069,674 00
	(b) Completion of 1936/37 works	133,403 84	266,807 68
	Total	$ 1,668,240 84	$ 3,336,481 68
Ontario—			
	(a) Trans-Canada and other highways	$ 525,000 00	$ 4,317,973 65
	(b) Other prov. works	1,095,500 00	2,691,000 00
	(c) Municipal works	50,000 00	100,000 00
	Total	$ 1,670,500 00	$ 7,108,973 65
Manitoba—			
	(a) Trans-Canada	$ 107,180 00	$ 214,360 00
	(b) Other prov. works	343,320 00	
	(c) Municipal works	42,500 00	966,890 00
	Total	$ 493,000 00	$ 1,181,250 00
Saskatchewan—			
	(a) Trans-Canada	$ 2,500 00	$ 5,000 00
	(b) Other prov. works	462,750 00	931,000 00
	Total	$ 465,250 00	$ 936,000 00
Alberta—			
	(a) Provincial projects	$ 250,000 00	$ 500,000 00
	(b) Municipal projects	100,000 00	200,000 00
	Total	$ 350,000 00	$ 700,000 00
British Columbia—			
	(a) Trans-Canada	$ 102,475 44	$ 204,950 88
	(b) Other prov. projects	413,235 34	826,470 68
	(c) Municipal projects	6,250 00	12,500 00
	Total	$ 521,960 78	$ 1,043,921 56
	Grand total of works by both Governments		$16,833,426 89

Report of Employment Afforded on Projects Contributed to by Dominion under Vote 302—Provincial and Municipal Relief Projects, April 1, 1937, to March 31, 1938

Project	Total No. afforded employment during the month	Total No. of man-days worked during the month	Total amount paid in wages during the month	Total Expenditures during month (including municipal, provincial and Dominion contributions)
1937				
April	6,776	123,764	$ 293,036	$ 239,309
May	11,652	152,764	457,381	857,376
June	17,726	237,695	764,796	1,680,208
July	23,456	361,755	1,201,513	2,840,516
August	20,780	309,797	1,095,337	2,799,823
September	18,112	270,067	954,189	2,484,639
October	15,817	214,819	757,361	1,700,342
November	11,568	135,822	487,166	1,190,052
December	5,476	91,153	331,662	661,931
1938				
*January	3,098	57,520	213,104	348,225
*February	2,945	61,217	225,713	352,726
*March	693	11,190	50,727	104,425
	138,099	2,027,563	$6,831,985	$15,259,572

Average number employed per month—11,508.

*Preliminary figures.

Vote 303—To provide for agricultural re-establishment in co-operation with provincial governments, $52,500.

This was a revote to provide for commitments under agreements with certain provinces under authority of the Unemployment Relief and Assistance Act, 1936, for which claims would not be received by March 31, 1937, estimated as follows:

Saskatchewan	$35,000 00 (A)	
Alberta	5,000 00	
British Columbia	12,500 00	
		$52,500 00

(A) It was necessary to supplement this Vote by an allotment from Vote 311 in an amount of .. 5,038 36

(This all allocated to Saskatchewan.)

Disbursements to March 31, 1938:

Saskatchewan	$34,981 88	
Alberta	17,518 12	
British Columbia	nil	
		$52,500 00

(B) Disbursements from (A) above:

Saskatchewan	$ 4,450 81	
Estimated balance still to be paid before end of fiscal year	587 55	
		5,038 36

Vote 304—To provide for federal contribution to farm employment and supplementary plans, $3,283,500.

This was

(a) Revote to provide for commitments under previous agreements for which claims would not be received in time to be paid by the close of the fiscal year 1936-37	$ 992,270 00
(b) Revote re supplementary work for transients	507,500 00
(c) Revote for completion during 1937-38 of supplementary works not completed at March 31, 1937	283,740 00
(d) New commitments	1,500,000 00
	$3,283,500 00

Vote 304—To provide for federal contribution to farm employment and supplementary plans, $3,283,500.

Under this vote agreements were executed between the Dominion and the following provinces: Manitoba under date of 16th November, 1937, Saskatchewan under date of 5th November, 1937, Alberta under date of 20th October, 1937 and British Columbia under date of 16th November, 1937. In British Columbia, however, as farming is not one of the more important industries, it was deemed advisable to enter into supplementary projects whereby much larger numbers of single unemployed persons could be usefully absorbed in productive occupations, the fuller details of which are set out below. Under the Farm Improvement Plan the Dominion contributed on a fifty-fifty basis with the province to the following expenditures: To the man placed on a farm for employment, $7.50 a month, with a contribution towards clothing where necessary of $3. To the farmer $5 a month (transportation costs also shared with the province). The British Columbia agreement, as above indicated, provided for the following supplementary projects as set out in Schedule B to the agreement:

Project No. 1—Forest development and improvement works, including necessary bridge, culvert and flume construction and demolition of obsolete structures in the following locations:

Camp 1. Green Timbers—Forest Experiment Station.

Camp 2. Cowichan Lake—Forest Experiment Station.

Camp 3. Point Gray—Forest Experiment Station.

Camp 4. Elk Falls—Provincial Park.

Camp 5. Koksilah—Continuation of road from Shawinigan Lake up to the south fork of Koksilah River to the headwaters of San Juan River and thence to the Jordon River.

Camp 6. Mount Douglas Park—Approximately 8 miles north of Victoria—park clean-up work and cribbing along the water front.

Camp 7. Capilano Creek Watershed—Firelines, trails and general forest improvement.

Camp 8. Seymour Creek Watershed—Firelines, trails, campsites and general forest improvement.

Camp 9. Thurston Bay—Forest service launch headquarters, new float and wharf, painting, cleaning site, recreation building, relocating look-out trail and correlative work.

Camp 10. Powell River—General forest protection work.

Camp 11. Campbell River Ranger Station—Forest improvement and clearing station site.

Camp 12. Duncan Bay—Road construction west of old Blosdell, Stewart and Welch logging grades, forest improvement and opening up grades.

Camp 13. Stamp Falls Park—Development of park area surrounding Stamp Falls.

Camp 14. Qualicum River Road and Falls—Constructing road Alberni to the Falls, bridge over river, improvement of falls site, clearing trail to Little Mountain look-out.

Camp 15. Grouse Mountain—Relocating trail from Misquite Intake to Grouse Mountain and correlative work.

Camp 16. English Man River Falls Park—Improvements to Davies and Morrison trails and developing Falls Park site.

Camp 17. Sahtlam Road—Continuation of this road up Cowichan River towards Skutz Falls, a distance of approximately 4½ miles.

Camp 18. Skutz Falls (Cowichan River) Park—Construction of park roads, bridge and improvement of Falls Park site.

Camp 19. Cultus Lake Park—Clearing up park area and establishing trails therein and thereto.

Camp 20. Dean Park—Development and improvement works.

Camp 21. Thetis Lake Park—Development and improvement works.

Camp 22. Williams Lake—Clearing and fencing a timber area for a cattle holding ground.

Camp 23. Medicine Bowls Park—On Brown's River, approximately 9 miles west of Courtenay, development work in park area.

Camp 24. Harrison Lake—Park and forest protection development work.

Project No. 2—Public Works

104. Otter Point, highway construction and widening.

Relative to this Schedule, the Dominion will pay to the Province fifty per cent of all expenditures incurred by the Province from October 1, 1937, to March 31, 1938, in transporting workers from point of engagement to location of works and return or from location of works to location of other certified employment within the Province, with the exception that the Dominion will not contribute to a return fare for any employee discharged from schedule work for cause and will not contribute to more than one round trip fare per employee.

Disbursements to March 31, 1938

Province	In re previous commitments (a) and (b) above	Re commitments under 1937 agreements (c) and (d) above	Estimated payments still to be made
Quebec	$ 13,361 48	$ 19,077 15	$ 7 50
Manitoba	81,355 62	98,005 87	55,965 68
Saskatchewan	436,079 77	335,898 13	300,000 00
Alberta	133,392 95	30,964 43	100,000 00
British Columbia	192,122 88	269,384 09	77,930 16
Total	$856,312 70	$753,329 67	$533,903 34

Grand total	$2,143,545 71
Estimated amount unexpended	1,139,954 29(a)
	$3,283,500 00

(a) We are asking for a revote of $870,000 this year to take care of estimated accounts which will come in to the Department subsequent to March 31, 1938.

Farm Employment and Supplementary Plans—Vote 304

Statement of Dominion Disbursements and Cumulative Totals of Numbers Placed Extensions of 1936 Act Agreements

Province	Dominion disbursements (as at March 31, 1938)	Numbers on farms or working under supplementary plans during April, 1937
Quebec—Farm placement (April)	$ 19,077 15	7,239
Manitoba—Farm placement (April)	11,675 35	3,100
Supplementary plans (April-July)	42,271 66	773
Saskatchewan—Farm placement (April)	55,425 18	23,000
Alberta—Farm placement (April)	6,760 68	6,095
Supplementary plans (April-July)	6,619 34	1,773
British Columbia—Farm placement (April)	466 25	142
Supplementary plans (April-May)	166,991 49	1,959
	$309,287 10	44,081

1937 Act Agreements

Province	Dominion disbursements (as at March 31, 1938)	Placements on farm and forests to April 21, 1938*
Manitoba—Farm placement	$ 44,058 86	10,244
Saskatchewan—Farm placement	280,472 95	26,767
Alberta—Farm placement	17,584 41	5,439
British Columbia—Farm placement	....	278
Supplementary plans	101,926 35	4,640
	$444,042 57	47,368

*As reported by the provinces.

Vote 305—To provide for outstanding claims for direct relief under Unemployment Relief Acts of previous years, $169,000.

Amount disbursed—$37,168.89

This was a revote to provide for commitments under previous Relief Acts for which claims would not be received by March 31, 1937, estimated as follows:

Quebec	$131,951 29	
Saskatchewan	36,594 22	
		$168,545 51
Disbursements to March 31, 1938:		
Quebec	574 67	
Saskatchewan	36,594 22	
		37,168 89
Amount of residue		131,831 11
		$169,000 00

Vote 306—To provide for outstanding claims for drought area relief under the Relief Act, 1933, $215,200.

Amount disbursed, $215,186.81.

This was a revote to provide for claims covering expenditures incurred for moving settlers and stock from dried-out areas and freight and fodder into dried-out areas, Prairie Provinces, authorized under Relief Act, 1933, accounts for which would not be received before March 31, 1937.

This was all allotted to the Province of Saskatchewan and disbursements amount to $215,186 81

Amount residue 13 19

$215,200 00

Vote 307—To provide for federal contributions towards the Greater Winnipeg Sewage Disposal scheme, $362,000.

Commitments, $362,200.

Disbursements:

To March 31, 1938	$ 126,625 29	
Additional estimated to end of fiscal year	195,574 71	
		$ 322,200 00
Revote for coming fiscal year to take care of balance of commitment		40,000 00
		$ 362,200 00

Dominion contributions under previous agreements
(Dominion payments on basis of 40 per cent to total expenditures)

The Relief Act, 1935		$ 644,533 02
The Unemployment Relief and Assistance Act, 1936		458,435 67
		$1,102,968 69
Loans outstanding		
to provide for provincial share	$ 642,000 00	
to provide for municipal share	1,376,000 00	
	$2,018,000 00	

Summary

Federal contributions under previous Acts	$1,102,968 69
Federal contributions under present Acts to end of fiscal year	322,200 00
Federal contributions provided for the next fiscal year	40,000 00
Loans outstanding	2,018,000 00
Grand total of Dominion assistance	$3,483,168 69

Employment Afforded under Vote 307—April 1, 1937, to March 31, 1938

1937 Project	Total No. afforded employment during the month	Total No. of man-days worked during the month	Total amount paid in wages during the month	Total expenditures during month (including Municipal, Provincial and Dominion contributions)
April	215	2,373	$16,457	$48,354
May	225	3,657	23,393	48,668
June	186	2,822	13,709	29,020
July	192	3,500	12,059	34,607
August	182	2,107	7,933	20,346
September	163	1,914	7,276	35,454
October	151	1,960	6,832	67,641
November	49	1,040	5,542	9,431
December	86	1,023	6,489	38,561
1938				
January	48	788	4,919	25,058
*February	34	220	1,302	17,668
*March	8	248	886	83,237
	1,539	21,652	106,797	458,045

Average number of employed per month, 137.

*Preliminary figures.

Vote 308—To provide for development and training projects for unemployed young people—$1,000,000.

Dominion commitment:

Prince Edward Island	$ 15,000 00
Nova Scotia	60,000 00
New Brunswick	50,000 00
Quebec	220,000 00
Ontario	240,000 00
Manitoba	100,868 60
Saskatchewan	80,000 00
Alberta	80,000 00
British Columbia	100,000 00
	$945,868 60

Up to February 28, 1938, training had been given to 38,161 enrollees (21,430 men and 16,731 women), and of this number 2,632 (1,627 men and 1,005 women) were placed in employment.

The number of days' training given up to the end of February was 293,030 (184,101 to men and 108,929 to women). Days' work given totalled 165,950 all to men. Hours' instruction additional to the above totalled 574,150.

The total number who discontinued training up to February 28 was 5,037, of whom 3,186 were men and 1,851 women.

Total Given Training

	Men	Women
Prince Edward Island	393	411
Nova Scotia	235	87
New Brunswick	651	217
Quebec	4,908	2,166
Ontario	1,459	929
Manitoba	3,862	3,228
Saskatchewan	4,850	3,161
Alberta	1,827	958
British Columbia	3,245	5,574
	21,430	16,731

Placed in Employment

Prince Edward Island	....	....
Nova Scotia	26	8
New Brunswick	128	1
Quebec	2	....
Ontario	680	315
Manitoba	290	407
Saskatchewan	45	72
Alberta	38	37
British Columbia	418	165
	1,625	1,005

Days' Training Given

Prince Edward Island	6,530	4,147
Nova Scotia	380	2,269
New Brunswick	4,365	4,996
Quebec	52,729	18,465
Ontario	11,143	24,388
Manitoba	14,804	15,539
Saskatchewan	36,398	10,155
Alberta	39,866	13,396
British Columbia	17,886	15,574
	184,101	108,929

Days' Work Given

Prince Edward Island	....	....
Nova Scotia	18,415	....
New Brunswick	14,228	....
Quebec	11,516	....
Ontario	31,148	....
Manitoba	32,581	....
Saskatchewan	....	....
Alberta	6,714	....
British Columbia	51,348	....
	165,950	....

Hours' Instruction Given
(Additional to Days' Training)

Nova Scotia	5,723
Manitoba	241,801
Saskatchewan	170,626
British Columbia	156,000
	574,150

Discontinued Training

	Men	Women
Prince Edward Island	7	....
Nova Scotia	102	19
New Brunswick	179	9
Quebec	61	97
Ontario	345	103
Manitoba	1,654	1,323
Saskatchewan	289	203
Alberta	215	97
British Columbia	334	....
	3,186	1,851

Total Given Training in Various Projects

Men and women	Rural	Forestry	Mining	Physical training	Urban occupational training
Prince Edward Island	718	22	....	....	150
Nova Scotia	91	....	209	....	57
New Brunswick	346	408	....	....	71
Quebec	6,096	248	7	....	723
Ontario	420	581	50	....	1,365
Manitoba	593	563	....	....	5,610
Saskatchewan	5,612	....	....	....	2,399
Alberta	1,723	61	....	....	1,001
British Columbia	....	585	262	6,720	892
	15,599	2,468	519	6,720	12,268

Dominion-Provincial Youth Training Agreement

Nature and Location of Courses up to February 28, 1938

Approximately 970 classes or courses

Prince Edward Island—

Handicraft, Homecraft, Home nursing, Agricultural subjects for women in: Charlottetown, Morrell, Kensington, Souris, Tignish, Cardigan, Mt. Stewart, Coleman, Tryon, St. Nicholas.

Blacksmithing, Charlottetown.

Carpentry, Charlottetown.

Agriculture, Charlottetown.

Fishing, Charlottetown.

Forestry, Fredericton, Acadia Forestry Station.

Nova Scotia—

Mine training, Chester Basin.

Household workers' schools, Halifax and Sydney.

Agricultural courses and handicrafts, Truro.

New Brunswick—

Occupational training, St. John, Fredericton.

Forestry camps, Surveying, Geological survey prospecting—Various Camps throughout the province.

Household workers, schools, St. John.

Agriculture courses, Woodstock, Fredericton. Training in handicraft and homecraft (women), Fredericton, Sussex, Port Elgin, Chatham, Dalhousie.

Quebec—

Occupational classes, Montreal, Three Rivers, Quebec and other cities.

Mining, Val d'Or.

Forestry schools, Duchesnay and three other locations.

Rural co-operatives, Ste. Anne de la Pocatière, Oka, Rimouski, Sherbrooke, Macdonald College.

Agricultural courses, Various parishes (about 200).

Ontario—

Household workers' schools, Sarnia, Windsor, St. Thomas, Hamilton, Preston, Toronto, Ottawa.

Mining, Haileybury.

Male nursing, Whitby.

Gardeners' and nurserymen's, Guelph.

Technical classes, Hamilton, Galt, Toronto, and in other technical schools.

Forestry training, Many camps, chiefly in Northern Ontario, Parry Sound and Algonquin Park districts.

Apprenticeship and learnership, Trainees placed all over the Province.

Salesmanship, Ottawa, Toronto.

Agricultural apprentices, Scattered throughout the Province.

Manitoba—

Forestry training, Duck Mountain, Sandilands.

Learnership, Greater Winnipeg, Brandon. Household workers' schools, Greater Winnipeg.

Women's specialized services, Greater Winnipeg.

Urban occupational training, Greater Winnipeg, Brandon.

Agricultural courses, Altona, Arborg, Le Pas, Toulon, Manitou, Shoal Lake, St. Norbert, Swan River, Deloraine, Dauphin, Souris, Minnedosa.

University agricultural course, Winnipeg.

Alberta—

Forestry training, High River.

Agricultural apprentices, Throughout the Province.

Agricultural school centres, Olds, Vermilion.

Household workers, schools, Calgary, Edmonton.

Urban occupational training, Edmonton, Calgary, Medicine Hat, Blairmore, Lethbridge, Drumheller, Redcliffe, Hanna.

Rural courses (men and women), Coronation, Blindloss, High Prairie, Consort, Hilda, Beaver Lodge, Hanna, Grande Prairie, Lacombe, Killam, Bow Island, Spirit River, Vulcan, Irricana, Brooks, Fairview, Ryley, Oyen.

Saskatchewan—

Urban occupational training, Rosthern, Estevan, Outlook, Melvile, Moose Jaw, North Battleford, Regina, Saskatoon, Swift Current, Weyburn, Yorkton, Prince Albert.

Rural courses (men and women), at 172 centres throughout the province.

University agricultural course, two separate courses being given at University of Saskatchewan.

British Columbia—

Forestry training, Vancouver District, Nelson District, Kamloops District, Prince Rupert District.

Placer mining, Quesnel area, Emory Creek area, Nanaimo area.

Physical education, 91 centres throughout the province.

Rural courses, Abbotsford and lower Fraser Valley.

Urban occupational training, Vancouver, Victoria, Nanaimo.

Vote 309—To provide for direct relief in the dried-out areas. ..	$2,000,000
Dominion allotments to Manitoba ..	40,000
Dominion allotments to Saskatchewan..	1,795,000
Supplementary allotment from Vote 311..	130,000
Dominion allotments to Alberta.. ..	165,000
	$2,130,000

This was a vote to take care of relief in the dried-out areas of the three Prairie provinces. There was no similar vote in the previous fiscal year, viz. 1936-37, but the emergent situation was taken care of by Governor General's warrants in the following amounts:

P.C. 2372—Manitoba	$ 300,000
P.C. 2364—Saskatchewan..	4,500,000
P.C. 2367—Alberta..	2,500,000
	$7,300,000

The authority under these warrants expired on March 31, 1937, but as it was necessary to extend assistance to those in these areas until a new crop was reaped or assured, provision was made by this vote to so do. It will be noted that as the allotment of $1,795,000 for Saskatchewan was not sufficient to meet the needs in that province it was necessary to allot an additional $130,000 for this purpose from Vote 311, Contingencies.

Vote 310—Amount required to provide for administration expenses generally, including salaries and travelling expenses—

Unemployment Relief Branch..	$200,000
National Employment Commission..	150,000
National Employment Registration..	125,000
	$475,000

Net Expenditure to March 31, 1938.

	Vote 310	Vote 311
Unemployment Relief Branch—		
(a) Salaries..	$161,606 01	$5,526 52
(b) Travelling expenses..	32,796 32	8,978 28
(c) Communication services (telegrams, etc.)..	2,461 24	1,043 77
(d) Supplies, printing and stationery..	1,878 81	2,722 30
(e) Transportation of things..	28 02	4 45
(f) Miscellaneous..	1,229 60	673 20
	$200,000 00	$18,949 52
National Employment Commission—		
(a) Salaries..	$45,143 22	
Per diem remuneration..	7,540 00	
		$52,683 22
(b) Travelling expenses..		18,377 29
(c) Communication services..		1,906 99
(d) Supplies, printing and stationery..		7,510 85
(e) Transportation of things..		52 46
(f) Miscellaneous..		417 73
		$80,948 54
National Employment Commission, Registration—		
(a) Salaries..		$62,936 32
(b) Travelling expenses..		160 05
(c) Communication services..		269 36
(d) Supplies, printing and stationery..		18,444 69
(e) Transportation of things..		2,391 72
(f) Rental of machines..		8,121 97
		$92,324 11

Vote 311—Unforeseen Contingencies, $1,000,000.

Appropriated to other departments and to other votes, Department of Labour, by Order of the Governor in Council.

Department of Transport		
P.C. 1168 of May 20, 1937..	$15,000 00	
P.C. 1330 of June 5, 1937..	10,000 00	
		$25,000 00
Department of Mines and Resources		
P.C. 822 of April 15, 1937..	15,000 00	
P.C. 107 of January 12, 1938..	20,000 00	
P.C. 248 of February 3, 1938..	11,710 73	
P.C. 693 of March 31, 1938..	353 82	
		$47,064 55
Department of Finance		
P.C. 813 of April 15, 1937..	30,000 00	
		$30,000 00
Department of National Defence		
P.C. 812 of April 15, 1937..	50,000 00	
P.C. 2601 of October 20, 1937..	12,500 00	
P.C. 3008 of December 2, 1937..	12,500 00	
		$75,000 00

Department of Labour

Drought area (Saskatchewan)—Transfer to Vote 303—	
P.C. 3152 of December 22, 1937	$130,000 00
Grant to Frontier College	
P.C. 15/1322, June 4, 1937	7,500 00
Payments to Mrs. Hungle re Regina Riot	
P.C. 963, April 29, 1937 P.C. 2893, November 24, 1937 P.C. 343, February 17, 1938	685 15
Transfer to Vote 310—For administration expenses	
P.C. 26/2810, November 15, 1937	60,000 00
Interest on guaranteed advances to Dominion Steel Corporation under Relief Act, 1935	2,825 72
Payments to Nova Scotia on compassionate grounds re unexpended balances 1931 schedules—	
P.C. 1376, June 11, 1937, and P.C. 1515, June 24, 1937	12,506 52
Transfer to Vote 303, re additional contributions to Saskatchewan drought area, P.C. 2949, December 1, 1937	5,038 36
	$395,620 30

Vote 312—Grants in aid, $19,500,000.

Province	Monthly grant to the provinces 1st quarter	2nd quarter	3rd and 4th quarter	Total
Prince Edward Island	2,000	1,300	1,750	20,400
Nova Scotia	30,000	20,000	17,500	255,000
New Brunswick	.....	.....	.....	.....(A)
Quebec	500,000	410,000	400,000	5,130,000
Ontario	600,000	480,000	465,000	6,030,000
Manitoba	175,000	175,000	165,000	2,040,000
Saskatchewan	230,000	230,000	230,000	2,760,000
Alberta	130,000	130,000	125,000	1,530,000
British Columbia	150,000	120,000	115,000	1,500,000
	1,817,000	1,566,300	1,519,250	19,265,400

(A) New Brunswick did not receive monthly payments of grant-in-aid as such, but the agreement with that province provided for an allotment to be paid in lieu thereof as set out in Schedule B to the agreement in an amount not exceeding $221,625.00

(The original allotment to New Brunswick was $225,000, but by the addition of our contribution under Vote 304 this was reduced to $221,625.)

Disbursements to March 31, 1938	$181,457.12
Amount estimated still to be paid before end of fiscal year	40,167.88
	$221,625.00

I may say there are only minor differences between this Bill and that which was enacted last session. The title is the same as that of last year. The preamble is new, but does not deviate in principle from that of last year. There is no change in the short title except as to the year. There is no change as to administration.

If honourable senators have the Bill before them they will notice that in clause 3 there is no change, except that the words "works and," which appeared between the first and second words of line 3, "such" and "undertakings," have been omitted, and the words "Governor in Council" have been substituted for the word "he" which appeared in the second last line of this subsection.

The words "work or" have been omitted in this year's draft where they appeared between the words "such" and "undertaking" in the first line of subsection 2 of section 3 of last year's Act. I may say that in a couple of places the word "relief" has been dropped and the word "assistance" substituted.

Right Hon. Mr. MEIGHEN: What is the reason for that?

Hon. Mr. DANDURAND: When a similar Bill was before us last session the word "relief" was dropped from the title, which read "an Act to assist in the alleviation of unemployment and agricultural distress." So the word "assistance" was carried into the Bill to conform with the title itself. I am not sufficiently well versed in the English language to state whether one word or the other should be preferred, but I notice that in the debate which took place in the other House a prominent member, who was a colleague of my right honourable friend, spoke of the humiliating situation of people who had to accept relief. That may have been one of the reasons why the substitution was made. There may also have been a sentimental or psychological reason. But this is of very little concern as to the interpretation of the Act.

In subsection 3 of section 3 the words "such work or," which appeared in the first

line of this subsection in last year's Act, have been omitted, in accordance with deletion of the words "works and" and "work or" in subsections 1 and 2.

The words "towards which the Dominion Government is providing financial assistance" have been substituted after the word "undertaking," the third word in the present draft, for the words appearing in last year's Act, "to which the Dominion Government is contributing." This change is made by reason of the fact that the Dominion's assistance to the province is not confined to contributions, but also takes the form of loans.

The words "then, unless otherwise provided by agreement" have been inserted after the words "provincial jurisdiction" in the third line of this subsection.

Subsection 4 of section 3 has been deleted, as it is the view of the law officers of the Crown that the provisions of section 2, in conjunction with the provisions of section 7, provide the Minister with all the authority requisite for the proper administration of the provisions of the Act.

The provision authorizing the Governor in Council, where necessary, to make loans to the province for its share of expenditures under any agreement, which was incorporated in clause 4 of last year's Act, has been lifted out of clause 4 this year and becomes subsection 1 of clause 5; so that clause 4 in this year's Bill covers the other authority provided by clause 4 of last year's Act, namely, the authority of the Governor in Council to enter into agreements with any of the provinces respecting assistance to those in need, and the alleviation of unemployment conditions and of agricultural distress, and also to enter into agreements with corporations, partnerships or individuals engaged in industry respecting the expansion of industrial employment and providing for payments for any of the said purposes out of such moneys as may be appropriated by Parliament for the present fiscal year.

The words "and to assist those in need" have been added to paragraph (a) of this clause. This phrase does not in any way expand the authority granted under previous Acts, but it clarifies the authority of the Dominion Government, so that there may be no doubt as to its authority to extend a grant in aid to any province where such grant is deemed necessary.

I think I have fairly covered the amendments made to the Act of last year, and I believe they justify me in saying that the present Bill is in its essentials that of last year. With these remarks I move the second reading of the Bill.

Hon. Mr. DANDURAND.

Hon. JOHN T. HAIG: Honourable members, I do not intend to delay the House at any great length, nor do I intend to discuss the legal details of the Bill. I am very much delighted with the Bill, but I notice that under clause 8 the Government apparently can pass an Order in Council and give it the force of law. I have a distinct recollection that when I was a young man in the Legislature of Manitoba there was great objection to such provisions as that. However, I want to discuss the question of relief.

We have had the problem of unemployment relief before us since 1930. It is true that since then there has been a reduction in unemployment relief; but if you include relief to the farmers of Saskatchewan and Alberta you will find that to-day's figures are very little lower than those of five or six years ago. If you cut out the relief to farmers the figure is about half what it was at its peak.

The present Administration appointed a commission under the chairmanship of Mr. Purvis, which recently brought in a report. I have one objection to that report. The unemployed have been divided into two classes, the employables and the unemployables. Technically that may be a proper classification, but the fact remains that, as time goes on, the number of unemployables will increase to a marked degree. I am persuaded that in my own city of Winnipeg at least one-third of those who are unemployed are unemployable. During the six, seven or eight years they have been idle they have reached the age limit of employment, and therefore have lost their employability.

What I rose to say was this. Mr. Bennett and his Administration held that the primary responsibility for unemployment relief rested on the municipalities; that if they were unable to take care of the responsibility, it came back to the provinces, and that in an emergency the Dominion Government had to help. At the present time the Dominion Government is paying about one-third of the cost of unemployment relief, and is lending to some provinces further sums of money. What this actually means is that in a city like Winnipeg, or Montreal, or Vancouver, the property owners are carrying one-third of the unemployment relief burden. The city of Winnipeg has paid hardly any of its relief costs. It has paid the interest on the money borrowed, but nothing else. I think that during the first year or two the city paid a part of the unemployment relief, but no more than went into improvements such as bridges and other government works of that character. I heard the member for Windsor

in the other House say that the same thing was true of Windsor, and I have no doubt that it applies equally to every other large city in Canada.

In Winnipeg conditions have been such that our buildings have been running down for eight or nine years. Old buildings have been getting older, no improvements have been made, maintenance has been neglected. Furthermore, very often two, three, four or five families are living in one house. In one quarter of the city the cost of health services is as great as the cost in the other three-quarters, and amounts to enough money to provide for the old buildings being replaced with new ones. That, however, is more easily said than done. Up to eight years ago, if you were a business man and had money to invest, you might have built houses and rented or sold them, but to-day nobody will build new houses in the city of Winnipeg. I venture to say that at least sixty per cent of the heads of the 4,000 odd families on relief in our city are members of the building and allied trades, and I have no doubt that this is true also of cities in the other parts of Canada. I am persuaded that if the Government of Canada would take over the total cost of relief, even of the unemployables, as recommended by the Purvis Commission, the dead load of taxes on the property owners in our cities would be lifted to such an extent that building operations would start again in the cities and many who are now unemployed would be going off relief.

Hon. Mr. CALDER: To what extent will the existing loan companies and insurance companies lend money on mortgages in Manitoba and the other Western Provinces?

Hon. Mr. HAIG: I shall answer that. Up to the 1st of January of this year all the large life insurance companies would lend money on the Government Housing Scheme, which, by and large, worked very well. The owner had to put up 20 per cent, the loan company 60 per cent, and the Dominion Government 20 per cent. The loan was amortized over a period of years. The loan company looked after the collection and kept its share, and paid the balance to the Government. Since the 1st of January this year the loan companies have stopped lending money in Winnipeg. One reason is that at the last session of the Manitoba Legislature the province said it would lend no more money, and Winnipeg would have to look after its own unemployment relief. This meant that if the city could not get money to carry on, the unemployed would have to starve to death. The mortgage companies and property owners stopped lending money because they were afraid that their equities would be wiped out.

A second reason, and a more important one, is that the Government of the province of Alberta during the recent session passed legislation which, if I may say so, is not Social Credit. We in Western Canada understand Social Credit to mean a manipulation by which the people can write a cheque, as they say the bankers do, and call it money. But during the recent session legislation was passed which simply means, in a word, that the Government refuses to allow any more debts to be collected in the province of Alberta. I need not go into the detail of that. Another measure imposes a tax of two per cent per year on capital, and if it is not paid by the 1st of June there is a penalty of $10 for every day of default. Furthermore, you cannot start foreclosure proceedings on a mortgage unless you pay $2,000 into court for the mortgagor, and if you make an adjustment with your debtor and it is not completed by the 1st of July, 1940, the debt is outlawed. This has caused a reaction in the province of Manitoba, and the loan companies and life insurance companies have retired from the field altogether, and nobody can blame them.

Right Hon. Mr. MEIGHEN: Hear, hear.

Hon. Mr. HAIG: The result is that virtually no building is going on in the province of Manitoba.

From my knowledge of the building business, in which I was engaged for ten years, I am persuaded that at least 60 per cent of the unemployed in Winnipeg are members of the building trades. They include not only builders, plumbers, electricians and bricklayers, but carters, quarry men and the like. The moment you put the unemployed to work they want to move out of the five-family house and they demand accommodation for themselves alone. Therefore I am convinced that if building were stimulated there would be an increased demand for accommodation.

The city council of Winnipeg has proposed a housing scheme with which some agree and others do not. Apparently the system of housing developed in England, namely that of the single-family house, was the best. This costs a little more than the building of flats, but it furnishes a great deal more labour and gives a greater number of diversified trades an opportunity to engage in the work.

I am convinced that the builders in Winnipeg, Montreal or Vancouver should go to work on the construction of new buildings. Rents are going up in Winnipeg. As you know, we had in Manitoba last year one of the best crops we have ever had. I think the

1915 crop was the only one that surpassed it. Yet with that very good crop and very high prices—we shall not get as high a price this year—there has been practically no forward movement in our cities.

I want to urge on this House and on the Government the necessity of coming to the assistance of the cities with respect to the relief problem. It is a national problem—a very great national problem.

Another solution of unemployment has been to place the people back on the land. Winnipeg has done a real service in getting farmers out on the land, and in only a very few cases has it resulted in failure. It is true that only people who were farmers before the depression were placed on the land. Of nearly 5,000 families on relief in Winnipeg more than 1,000 have in the last six years moved into the city from the farm. They believe that they get a better allowance in the city than they do in the rural parts. The back-to-the-farm movement in Manitoba has been a success so far as it has gone, but it has its limits. Already all the farms with empty buildings on them have been occupied, and any new movement of this kind will necessitate new buildings. Nevertheless, this program still has possibilities, particularly in view of the good crop last year and the prospects for a crop this year. I know that the rains of June and early July are essential to a good crop, but conditions to-day are very favourable.

But the first step towards solving the problem of unemployment relief is to take the load of supporting the unemployed off the backs of the land owners. Millions of dollars' worth of property in the city of Winnipeg has been sold for taxes; therefore there is no encouragement for building development in the city. Unless there is some assurance from the Government of this country that it will assume that load, I do not see any prospect of any new building development in our city. This is true also, I believe, of Montreal. I know it is true of Toronto, because not long ago I discussed this subject with some people in that city.

The training of youth is all right, and in Winnipeg a very good service is being performed in this direction. But it only touches the surface, for there are from four to five thousand married people who are on relief, with their children, and are not touched at all. If you went into the schools you would find children in the second and third grades who have never known of any other kind of existence than living by relief, and when the teachers go to visit the homes of these children they are so discouraged that they are not able to do their best work the next day. The inspectors have now forbidden them to visit those homes. I could tell you stories about that, but I shall content myself with simply stating that those children are growing up in an atmosphere that is most unfavourable for future citizens of this country. Members of Parliament may talk in this House and the other House, and the Minister of Labour may say what he is going to do, but the fact remains that unemployment is here. And unless we take some active measures, it may always be with us. I admit that there are many men and women who do not want to work, but the majority of unemployed are qualified and willing to work. Of course, there is no use in going to an unemployed mechanic or clerk in Winnipeg and telling him that a farmer out on the Prairie needs a man to drive a team. The unemployed fellow will say to you, "I do not know how to drive a team," and the farmer would not hire him in any event. With the advances that have been made in farm machinery—and I could quote facts to show that great advances have been made—there is not the employment on our farms that there used to be, and this has helped to swell the numbers of people who come to the cities looking for something to do.

I suggest to the Government that a more active policy with regard to relief has to be brought forward. If we could take the cost of relief off the property owners in our cities, towns and villages we should make a forward step toward solution of the problem. Just look at the financial situation of our Western Provinces to-day. I doubt whether they will ever be able to pay their bonded indebtedness. The Government of Manitoba asserted that the provincial budget was balanced last year. Yes, it was, aside from relief, but the expenditure for relief was three and a half million dollars. I presume that rich provinces like Ontario and Quebec may be able to meet their responsibilities under present conditions. And I say in all sincerity that I believe the Maritime Provinces never have had the relief problem that has faced the Western Provinces. I admit that part of the fault is our own; I admit that some of the trouble has been caused by our own extravagance; but the fact we are concerned with now is that large numbers of our people are unemployed.

We are threatened to-day with a new theory, a theory of repudiation of liability for debt. Unless the Dominion goes to the assistance of those parts of Canada that are so heavily burdened by the relief problem, that theory will spread all over Canada. I appeal to the Federal Government to try to understand just

what a serious problem the West is facing. Canadians living in the East may complacently say that no people in their senses would believe in such a theory, or in other foolish ideas, but the truth is that they are believed in. Saskatchewan may for the time being resist invasion by them, but I do not see any real and lasting hope for our Western country unless the sane people out there are helped in their fight against present conditions and given a chance to get back on their feet. Therefore, while I am in favour of the Bill, I ask the honourable leader of the House to take to his Government a request that responsibility for unemployment relief be taken off the shoulders of the small property owners in our cities, towns and villages and assumed by the Dominion.

Right Hon. ARTHUR MEIGHEN: Honourable members, I should like to ask a question of the honourable leader of the House. Section 6 provides that no province shall be assisted under this Bill unless it agrees to disclose fully its financial position to the Dominion authorities. Has any province declined to make such a disclosure? Is there any special reason for this provision?

Hon. Mr. DANDURAND: I have some information, but I do not know that it will completely answer my right honourable friend's question. This section of last year's Act made it a statutory obligation upon the province, before any financial assistance could be granted by the Dominion, to furnish the Dominion, from time to time as required, with certified statements as to the province's financial position in such detail and in such form as the Dominion might require, and also to permit such examination and audit as the Dominion might deem necessary. The section is redrafted this year to make the first-mentioned provision necessary only where a province seeks a loan from the Dominion, but to make it a matter of agreement between the Dominion and the province where other financial assistance is granted that the province supply such information as the Dominion may desire. It was not thought advisable, except where a loan is sought, to require a province to lay its whole financial position before the Dominion, but this is made necessary where a loan is sought.

I am unable to give a direct answer to my right honourable friend's question just now, but I may be able to do so when we come to the third reading.

Right Hon. Mr. MEIGHEN: The Bill carries forward a change that was made in the Act last year. The word "relief" appears to be ostracized, and "assistance" takes its place.

Hon. Mr. DANDURAND: The change in the title was made last year, as I have said.

Right Hon. Mr. MEIGHEN: I would be the last to claim that there are not many deserving and unfortunate people in need of help, to whom the application of the word "relief" may be to some degree humiliating, but from the general standpoint of the country I question the wisdom of adopting these more dignified terms with respect to what is really charity. The feeling has grown up, fed no doubt by parliaments, legislatures, governments and the press, that claims for assistance are of the nature of rights. That feeling becomes stronger and more general day by day, and with each accession of strength to that state of mind the problem of relief becomes greater. It is unfortunately necessary, however distasteful it may be to us, that a measure of humiliation should attend a demand for public help. Though a needy individual may be 100 per cent blameless for his condition—and that is not at all the usual case—the fact is that what we call civilization will not work unless a measure of humiliation does attend the condition resulting from failure to make a living. This is not the first time I have made such a statement. I said the same thing in another place years ago. I expressed that view in connection with the old age pension legislation. Then it was lamented that people reaching old age had to go to the poorhouse or almshouse, which was just too bad. It was argued that the country should provide for them so that they should not be surrounded and depressed by that humiliation. We made such provision. I think I forecast what has taken place. No longer is the State's provision for the otherwise helpless indigent regarded as alms and charity; it is now regarded as a pension, as an absolute right, something paid for. With elevation of the status of recipients, an inevatible multiplication of their numbers takes place, and there are added burdens on the State. If the penalty is removed the individual ceases to struggle, and his whole resources and determination are not applied, as in days gone by, to providing for himself in the years to come when he can work no longer.

All this burden comes back upon the nation, and by the nation it is distributed over the area of workers. It presses down on operations of business and construction and everything else, with the consequence that as one class multiplies the other class becomes help-

less and the nation becomes stagnant. Carry this tendency further and see how it would work. If we dispensed with the word "assistance" and substituted "gratuity," we should have a still larger number of recipients, and there would be an even less ardent desire to get out of that class. If we went farther and adopted the word "compensation," a still greater number of people would assert their right to be helped, and before long relief would be looked upon as nothing but a pension.

Hon. Mr. FARRIS: Call it a bonus.

Right Hon. Mr. MEIGHEN: Yes, or an honorarium. And then the strikes of reliefees would be far more widespread than they are to-day.

Hon. Mr. CALDER: And everybody would vote for the honorarium.

Right Hon. Mr. MEIGHEN: Of course it would be popular. To the degree that a Government seeks popularity for popularity's sake, it strikes at the very roots of our system. Democracy is breaking down in every country, and everywhere it is democracy's fault. It is not because there is anything wrong with it, or that the principle upon which it rests is not vastly better than the principle of any other system. No. The fact is that democracy just has not been working, that it has been breaking down, and for causes which are creeping into this country—rather, which are already present in alarming proportions.

The honourable the junior senator from Winnipeg (Hon. Mr. Haig) has called attention to what is taking place in the West. I take occasion to emphasize what he said. I think we must lift some of the load off property owners. It is easy to say from whom the burden should be removed; the problem is to decide to whom it is to be transferred. As at present advised, I am not in favour of the policy suggested by the honourable junior senator from Winnipeg, namely that the whole problem should be taken over by the Dominion. I am afraid that unless responsibility for relief—I still call it that—is localized, so that taxpayers see who are receiving and who are imposing, we shall not be able to avoid running wild with relief.

I do not believe we can ever get away from this principle of local responsibility in respect of relief. Perhaps some form of Dominion assistance might be given to municipalities, to urban centres in particular, because that is where taxes are especially heavy and construction industries are paralysed. In towns and cities where there is manifestly a need of construction and also manifestly a stoppage of it, if some of the moneys now devoted to relief were applied to a reduction of taxes, which are wholly out of proportion to the revenue-bearing powers of property, erection of new buildings would become possible. If that were the direction in which federal assistance went, and if municipal responsibility for relief were maintained, our course would be a much wiser one, in my judgment.

But even if all that were done, and if we acted in the wisest possible way, the three Prairie Provinces would remain helpless under conditions existing to-day. The big cause of their trouble was given by the honourable junior senator from Winnipeg (Hon. Mr. Haig). Reasonable people out there are overwhelmed by it. They can pay taxes and help to pay taxes in those three provinces, but in the presence of that threat which overshadows them would anybody from Ontario or Quebec or anywhere on earth, except a madhouse, lend money on real estate there? Everyone would roar "No" at once, if he had to answer. We all know what the cloud is. Repudiation runs rampant, centering in Edmonton. And I am afraid our Government is drifting. I am going to say something frankly. In my humble judgment, as regards the whole principle of disallowance, this country got off the track some years ago. It has stayed off the track and is off it to-day, but it must get back or we shall be finished. We are approaching a crisis; indeed, we are right on the edge of a crisis. It is a crisis which means disintegration, which means not a better distribution, but universal poverty and, ultimately, universal crime. Something has to be done to hold this country together, to bring us back to principles upon which alone a nation can live. If one part of a country can say, "We are going to live off the other part, we are going to cast aside all obligations to the rest of the world," simply because this is a popular course to take, can civilization survive? It may be that a province can do this thing within its powers. Why, within the purview of the powers of a provincial legislature the vote could be denied to everyone who had ten dollars, or even one dollar.

Hon. Mr. DANDURAND: What is the remedy?

Right Hon. Mr. MEIGHEN: The remedy certainly never can exist if you are going to hold that unless something is ultra vires you cannot disallow it. That thing would not be ultra vires, but this nation could not live if that were done. It has not been done, and I

am not anticipating it will be done, but I am illustrating that if it is held that everything intra vires has to stand, then you are throwing overboard this Confederation.

Hon. Mr. DANDURAND: We have so far met that situation.

Right Hon. Mr. MEIGHEN: I am not complaining in respect of that. I am not complaining, up to date, in respect of meeting the situation on the score of disallowance, and I am speaking here not in order to embarrass the Administration, but rather to help it if I can. But it did get off the track some time ago. It got off the track, in my judgment—I say it very frankly—when the Department of Justice was under the very distinguished senator from North York (Hon. Sir Allen Aylesworth). The principle he outlined was supported by his successors. It has been supported, I believe, by the present Minister of Justice. It cannot be sustained; and I am trying to drive that home. If the sheet-anchor goes we may just as well throw our hands in the air, for the integrity of this Confederation cannot survive. We must have this sheet-anchor to hold this country together. The United States employed another, and that has proven necessary and vital there through every decade of their history. But we had this sheet-anchor provided by the Fathers of Confederation, and I want to impress upon the Government that we dare not, we cannot, throw this sheet-anchor away.

Hon. W. A. BUCHANAN: Honourable senators, I am not surprised that certain legislation has been brought into this discussion. Some honourable members may wonder what relation it has to the title of this Bill, which has to do with unemployment. But I am aware of this fact, and have been for several years, that employment would have been provided in my province for very many of the class which the honourable the junior member from Winnipeg (Hon. Mr. Haig) has mentioned if confidence in the financial integrity of the province had not been destroyed.

Hon. Mr. HAIG: Hear, hear.

Right Hon. Mr. MEIGHEN: Hear, hear.

Hon. Mr. BUCHANAN: Certain legislation destroyed the confidence of the people within the province in making investments there. It also destroyed the confidence of those outside the province, and so prevented money coming in to be invested in what is necessary, in the cities particularly, and that is the construction of homes. That legislation undoubtedly has created a situation which means that any person in Alberta with money will not invest in his own province, and naturally no person outside will invest there. Countless homes are needed in the cities and towns of Alberta and on the farms, but they cannot be built, because no money can be borrowed for the purpose. Money already loaned may never be recovered. I am glad that the matter was brought to the attention of the Senate this afternoon, for in considering unemployment we have probably not thought of what ill-considered legislation, not only in Alberta but elsewhere, is doing to adversely affect investment and discourage employment.

There are so many angles to a discussion of unemployment, and so many opinions might be expressed as to its relief, that I wonder whether it is wise for me to express a thought or two that have been running through my mind during the discussion of this Bill; in fact for some time. We have a Standing Committee on Tourist Traffic, which has to do with the bringing of tourists into Canada to enjoy our holiday resorts. I shall confine my remarks to the Rocky Mountain area of Western Canada. It should be one of the most attractive sections for tourists. But tourists from the United States are so used to good paved roads that they are disappointed and discouraged by the type of roads they find in Alberta and British Columbia. Our roads out there are not hard-surfaced, and at certain seasons of the year they become so dusty that American tourists very soon return to their own country. I do not say that we can enter upon a large program of road improvement in that area, but I do say such a policy, if it could be undertaken, would have a permanent value in that it would enable tourists from the United States to reach the great park areas of western Alberta and eastern British Columbia. This would mean a flow of money into Canada, not in hundreds of thousands of dollars, but in millions of dollars, by the expenditures made by tourists each summer. I am not prepared to say whether a road policy for the purpose I have indicated would give very much employment, but I would rather see the Government making expenditures in that direction, and so providing employment for men who are now idle, than see such men reduced to a condition in which eventually they will prefer idleness to work. Among our coal miners in Alberta there is probably greater distress than among any other section of the population. There is very little possibility of a revival of coal mining sufficient to bring many of those men back into employment. They are on relief in the cities and in coal camps throughout Alberta. This relief is costing a great deal of money, with a consequent increase in

the burden of taxation. If we could give those men employment on road construction we should be getting something of permanent value to the Dominion, for, as I say, those improved roads would attract American tourists, who spend their money freely. Furthermore, we should be getting some return for the expenditure, whereas now we are getting no return whatever.

My other thought relates to giving employment to our unemployed youth. We have them moving backwards and forwards on trains, we see them at street corners begging money for a meal, and we wonder if they are going to become convinced that they do not need to work at all so long as they can impose upon their fellow-citizens. In the United States they have what are known as civilian conservation camps. I have seen them in operation and know what they can do to salvage forests and improve park areas. I remember an area in Glacier National Park, in the State of Montana. It was burnt over some years ago, the fire leaving the hillside a black mass of fallen trees and stumps, and the underbrush a fire hazard. Unemployed youths from all over the Republic were moved into conservation camps in that area and put to work to clear away the fallen trees and underbrush, and so remove the fire hazard. We have similar areas throughout all our mountain section. If we have to provide relief, we might much better spend the money on constructive work of real value to the country. It would also, I think, help to restore the morale of our youths who are now drifting around aimlessly. I do not say that what I am proposing is feasible, but I think the suggestion should be made, because if we continue to spend money on what we call the dole, and not on any constructive purposes to keep men employed, we are not going to get out of this impasse at all. On the contrary, we shall completely undermine the character of our youths and others who have been on relief for some years past.

Hon. J. A. CALDER: Honourable senators, I should like to make a few remarks in reference to the general situation that has arisen out of this depression. There has finally resulted a condition between the provinces and the Dominion which has become more or less intolerable. We all know the demands for social legislation and the difficulties that have confronted us. We know a number of the provinces to-day demand that the Dominion Government should take over the cost, and probably the administration, of relief, or a large section of it.

Now, as a result of that situation we have in Canada to-day a commission dealing with federal-provincial relations: I refer to the Rowell Commission. I desire to express my opinion for what it is worth. I think a very grave mistake has been made. The opposing views expressed before that commission at its various sittings throughout the Dominion are doing great harm to Canada as a nation. I have the very highest regard for the members of the commission, as I have also for the purpose that lay behind its appointment, but I think it is operating along entirely wrong lines, and I doubt very much that it should ever have been brought into operation at all.

What actually is happening throughout Canada to-day? It is this. The commission goes, we will say, to Manitoba, and all and sundry are invited to attend and give their ideas as to what the relationship should be between the Dominion and Manitoba and the other provinces. Those who are interested in politics naturally are there, and they strive with one another to the fullest extent to get the greatest possible political advantage out of the situation. I know generally the nature of the submissions. The province of Manitoba, through its representatives, put forward the strongest possible demand on the Federal Government. That is actually what occurred. Then the commission moved on to Saskatchewan, where the same thing occurred, the province of Saskatchewan vying with the province of Manitoba in trying to make greater demands upon the Federal Government. That is done largely for political reasons. So the performance is going on all over Canada in so far as the politicians are concerned. Then you have business men, insurance companies and all other kinds of organizations and associations putting forward their views as to what should be the outcome of the commission's work.

It seems to me that a desired change in Confederation could be brought about only by a conference of those who are directly concerned, and if such a conference had been held we should not have had all this "muss" and fuss throughout the country in connection with demands made by the various provinces. The parts of Confederation—the provinces—should have been brought together, and it should have been more or less a private conference, so that every person could put his cards on the table in full confidence until such time as an agreement should be made. There should not be any rivalry among the provinces as to what they want from the Federal Government, and that sort of thing.

There is one danger which I hope will be avoided. If the commission is a fact-finding body, well and good; let it gather all the facts that are necessary in order that the Parliament of Canada and the provincial legislatures may have the facts upon which they can base their judgment. But if the commission is to undertake to make recommendations as to what should be done, there will be, in my opinion, very grave danger to the existence of Confederation. I hope it is not too late to mention this now: I am only expressing my own opinion that while the idea of having a fact-finding commission is sound, the idea of inviting recommendations from all and sundry as to what should be done is unsound, for the reasons I have stated. I sincerely trust that the commission itself will not undertake to make any recommendation to the Government as to what should be done to change the British North America Act.

Hon. EUGENE PAQUET (Translation): Honourable senators, looking back on the legislation passed since the beginning of the depression, we find that each year "it is expedient to legislate in the matter of unemployment," which is stifling the country, and to seek means of ending it. At every session the Government votes large sums for the relief of the needy, in the hope that business will soon return to normal and that the depression will soon come to an end.

All kinds of palliatives have been tried: tariff barriers of more or less height to maintain our industries and thus provide employment; relief to the destitute; unemployment camps; loans to the provinces, which in turn lend to the municipalities; various kinds of public works undertaken by governments alone or jointly; commercial agreements intended to promote the sale abroad of our surplus production. We have gone so far as to undertake the manufacture of war material, munitions, implements of destruction and of death. What is more, the Minister of Labour has recently stated in the House of Commons that only the militarized countries have succeeded in ending or lessening unemployment.

Honourable members, it is time to take thought and to ascertain where we are going. It is time to locate the trouble. Once we have found it, we should have sufficient energy and courage to eradicate it or to remove its causes, whatever interests may be involved.

I do not assume to make a complete analysis; I simply wish to present a series of facts which may serve as a guide in the diagnosis which necessity compels us to make.

In the first place, it must be admitted that the evil is general, that unemployment exists and persists throughout the length and breadth of the country. The crisis is neither local nor seasonal. With slight variations unemployment has been with us for nearly ten years and even appears to be extending to additional classes of the population. Figures have been quoted to prove that it is decreasing, but such figures usually do not include the youth of the country, and there are many unfortunates whose state is not revealed by statistics. Moreover, the increased needs of those who have suffered so long greatly exceed the decrease in the number of unemployed. The needs of the destitute are ever increasing, because since the beginning of the depression they have never received enough to satisfy the barest necessities, to provide themselves in normal quantities with the articles indispensable to life. In the distribution of relief or of wages intended to replace relief, the authorities have rather sought to give as little as possible; they have never ventured to attain the strict minimum required to fill a consumer's needs. In order to eke out their meagre pittance the destitute have had to divest themselves little by little of their already scanty household effects, of articles of clothing and even of family mementoes. They have had to resort to dubious shifts; they have been forced to beg and sometimes to steal, by fraud, by violence or otherwise.

Numerous families have thus been ruined morally and physically. The doctor who is called upon to visit these families is struck by the dire misery, the incredible destitution that he finds. It is impossible for him to restore to health the human beings entrusted to his care, for their health is already too greatly impaired and they lack all the elements indispensable to their recovery, including wholesome food in sufficient quantities. But the chief impediment which the physician finds is the discouragement, the anguish, the despair by which these unfortunates are overwhelmed.

However, honourable senators, I wish to appeal less to your pity than to the cold logic of your reason. Besides, this distressful situation of the unemployed and the destitute is known to all, and my colleagues from every part of the country can testify to it. In passing, I wish to pay tribute to all the physicians of the country who have so far devoted themselves without stint, giving unsparingly of their care, their remedies, their time and their health, to the relief of their fellow-citizens affected by the depression—most of the time without charge or without hope of payment. If their noble example had been followed to the fullest possible extent by our rulers of all classes, there would

be less distress and the depression would probably have ceased to exist.

The chief defect to be pointed out in this regard is the lack of a measure. I shall use a simple illustration to make my meaning clearer. If we are faced with the task of passing a roadway over a river one hundred feet wide, common sense tells us that the bridge should be at least one hundred feet long. And if we wish this bridge to carry loads up to one hundred tons, it is absolutely necessary that the bridge be able to carry at least this weight. There is nearly always a minimum which must be attained; otherwise the undertaking is futile.

It should be the same in matters of unemployment relief. So long as any government—no matter which—has not attained the strictly required minimum, it will not have performed useful or durable work; it will not have done its full duty. Half-measures, palliatives, makeshift and haphazard devices simply perpetuate and even aggravate the evil.

We must therefore ask ourselves what this minimum is. To find it is a simple matter, to my mind; for this minimum has been established after careful inquiry; it has been enacted by both Houses of Parliament, sanctioned by the Crown, then accepted and put into force by all the provinces of the Dominion. In the case of old-age pensions, it has been enacted that a minimum of $20 a month is required for the subsistence of the pensioner. I therefore logically conclude that this sum is the minimum required for the subsistence of a needy adult. Any relief falling below this essential minimum is inadequate, ineffective and even helps to perpetuate the depression.

I firmly believe that every unemployed person is entitled to this minimum, for Christian philosophy teaches that society is under the strict obligation of ensuring the livelihood of each one of its members. The unemployed therefore have grounds for complaint and the public is entitled to demand results. Constitutional discussions, transfers from one jurisdiction to another, driving people from pillar to post, do not solve the question. The right of people to live imposes upon Government the duty of providing them with the indispensable minimum. The public, I say, has a right to demand real and tangible results and not only a meagre pittance often accompanied by harsh words. Whatever may be the ideas and tendencies, the virtues and faults of the unemployed and the destitute, we are all brothers, we are all members of a nation endowed with a superabundance of wealth. We have an enormous surplus of bread, of grain, of meat, of goods of all kinds; we have an abundance of linen and clothing; we have houses, wood and coal; we have equipment and labour more than sufficient to supply our people with all they need.

It is our bounden duty to find the means of distributing this wealth. The Liberal party is now in power; it will be held responsible for the results that the people have a right to expect. If it cannot find the means of ensuring a decent living to all the members of this nation so richly endowed with easily accessible wealth, it should be pitilessly cast aside and replaced by other administrators. The Conservative party will shortly be electing a leader and redrafting its programme. If this programme does not conform to the just wishes of the people, if it is made up only of expedients or of antiquated and ineffectual palliatives, that party either will not obtain popular support. The people are sick and tired of the eternal seesaw between the two parties. Exasperated by poverty, driven by hunger, animated by a fierce desire for a change, they want someone and something that will bring the desired results. And they are entirely right.

Let us see what has been said by the greatest economist of our time, the man who, placed at the summit of the universe, is able to see the clashes of human passions and to form sound judgments on the state of advancement of science and the progress and development of civilization in the entire world. The whole world is before him and he is incapable of being wrong when teaching to all the peoples of the earth. I am happy and proud to read his words into the record of our proceedings. In the encyclical "Quadragesimo Anno," published in 1931, he laid down the following policy for all rulers:

> The economic and social organism will be soundly constituted and will attain its end only when it will provide each and every one of its members with all the goods which the resources of nature and industry, as well as the truly social organization of economic life, are able to provide them with. These goods should be sufficiently abundant to satisfy the needs of a decent existence and to raise man to that degree of comfort and culture which, wisely used, does not stand in the way of virtue, but on the contrary singularly facilitates the practice thereof.

Have the governments so far distributed to our unemployed, to our needy, "goods in sufficient abundance to satisfy the needs of a decent existence?" Have they ever provided "each and every one of the members" of this nation with "all the goods which the resources of nature and industry, as well as the truly social organization of economic life, are able to provide them with"? This

full measure of justice has never been attained, and therefore our rulers have never performed their full duty.

But, some will ask, where shall we find the money to pay this minimum to every unemployed or needy person, plus an equal amount for each member of his family? We are overburdened with debts and taxes and the country has reached the point where it has to borrow to pay the interest of its debt. The provinces and the municipalities have reached the end of their financial tether. Farmers and other property owners are labouring under a terrific weight of debt and taxation. Business itself is handicapped by all sorts of vexations and restrictions. Further taxation is impossible and our debt is constantly increasing. Where shall we get the money?

Honourable members, this simple question and the picture that accompanies it complete the cycle of facts necessary to place our diagnosis on a solid basis. We have established the people's needs, their right to a minimum, the amount of this minimum, and the imperative duty of society to see that they get it. We know also that production is superabundant, that we have all the goods and services that the people need. The people are suffering and we are told that it is because of the lack of money, the lack of financial resources. The defect therefore lies in the financial system. To use the language of medicine and surgery, we have located the abscess that is poisoning our social organism. We have located the centre of infection which is contaminating all classes of our society and leading them to death. Our entire social organism is able to function normally, except the financial system. Logically and indubitably, the trouble is due to the financial system.

Should we destroy it, uproot it, or is it possible to reform it? I am not in a position to give a definite answer to these questions to-day. I shall simply establish the main heads of the treatment that should be used.

In the first place, the human person should be placed above all financial considerations. Man was established king of creation, and his domination should extend to all things, animate and inanimate. This is an elementary principle known to us all, but which modern times seem to forget. Finance, the work and creation of man, should therefore serve man and serve society. Any claim on its part to dominate man and enslave society would be a reversal of the proper order and a usurpation of rights.

Secondly, work has been so far practically the only means of procuring an income for the people. Wages, in all its various forms, are the reward of man's labour in every sphere of activity. Now machinery is more and more replacing human labour. It is therefore necessary to find a way of paying the wages of the machine to man and not entirely to finance. The men who in all lines of work have been replaced by machinery should receive a share of the work performed, because the machine is the fruit of human labour, of human invention throughout the centuries, and it is not right to pay the entire wages of the machine to finance; it is not right to consider these wages as belonging entirely to capital. Man, for whose benefit the machine was invented, should not be made its slave or its victim. The earnings of the machine should be distributed in large part to man, whose work it replaces. This seems to me to be a just, reasonable and even elementary proposition.

Thirdly, the banks, according to a recent official statement of the Minister of Finance, are in a position to lend ten dollars for every dollar in currency. The banks monetize their customers' credit and issue currency based on their productive capacity, on the efficiency of their labour and their employees' or their workers' labour, on the productive capacity of their manufacturing plants or their commercial organizations. Why is our currency so unproductive in the hands of the Government? Why is it always born in the form of debt, to become afterwards so prolific, so active, so reproductive in the hands of bankers? The Government, it is commonly said, cannot multiply it without risking inflation, but banks communicate to it, without any risk, a marvelous fecundity. Farmers and manufacturers produce or multiply useful goods, but the multiplying process does not go beyond production and they never sell on the basis of ten to one. That happens only in the financial world. Banks are endowed with that magic power and we are told that the Government, from which the banks receive it, cannot use it. It is absurd, on the face of it. It ought to be easy to find a body of respectable citizens, such as our judges or our magistrates, a body of experts to whom would be entrusted the task of multiplying our currency for the benefit of the country and without any danger of inflation, as it is done by bankers for their sole benefit. In fact, I have never come across an accurate and logical definition of the word inflation, and I would ask all those making use of that bogy to give us a true idea of it, before advancing that fallacious and misleading argument. In the same manner as the bankers, that body of experts could monetize the productive capacity of their customers, that is to say of the

entire nation. I think that the comparison is quite fair and logical, and that such a policy would have good results.

On this subject, a friend of mine gave me a financial problem to solve. It is a curious but very easy problem, says my friend, although the facts appear a little disconcerting. Here it is, word for word:

1. Given that ten-elevenths of our current money is made of credit money issued by banks on the basis of their customers' credit, that said money is sound and functions admirably, according to the most orthodox economists;

2. Given that only 5 per cent of banking operations in Canada are made in currency, the remaining 95 per cent being made by way of cheques or other negotiable instruments:

What amount, apart from administrative costs, would the Government have to issue in order to make available, in banks or savings institutions or appropriate offices and to each one of the 11,000,000 Canadians, a credit of $20 the first of every month for twelve consecutive months?

Note: The 5 per cent of transactions conducted in currency could or should cease, as all citizens would be customers of the co-operative credit association.

I ask you, honourable senators, to study that problem without bias or prejudice and in a manner befitting the serene atmosphere of this Chamber. I would also ask all schools of economics to study it, to organize competitions, if necessary, in order to solve it to a dollar.

Until recent years, it was my duty to alleviate physical suffering and misery around me. My public duties have only served as a derivative or an incentive to increase my services to my fellow-citizens. I did it with all possible devotion to duty, and with all my heart. I can say that I never refused my professional services to anyone on account of a miserable question of money. I am not a financier nor an expert in financial matters, but seeing that Divine Providence has given me responsibilities of another nature, I am willing to do my duty conscientiously and fairly. I am eager to do my part in the settlement of our problems. I am eager to study them in the light of the principles in which I have been brought up, and which have been my guidance ever since. I mean by those words that I strive for a solution agreeable to the ideals of my religion and my race, and that I am anxious to respect the rights of others, as I am to uphold those of the common people. Our Christian civilization is not doomed to a complete collapse in the depression by which we are now assailed. It has a virtue of its own, by which we shall be enabled to find a happy solution, if we look for it with all our hearts, all our power and knowledge, and, above all, if we sincerely wish to promote the happiness of the masses instead of the power of finance.

Hon. Mr. DANDURAND: Honourable members, I see that no other honourable member desires to speak on this question, and I should like to say a few words in closing the debate. My honourable friend the junior member from Winnipeg (Hon. Mr. Haig) has told us of the situation in his city, which is somewhat similar to the situation that exists in other towns and cities. We are all facing the difficult problem of feeding people who were drawn into the larger cities during the crisis that began in the autumn of 1929. I have been wondering how it has come about that we have in our large centres a surplus population which is claiming relief from the municipal authorities, who in turn are supported by the provinces and the Federal Government. One thing has struck me in these last few years, namely, that prior to this crisis there were in the old provinces, about which I know more than I do about the West, people who were unable to find regular employment and could no longer support themselves. How did those people meet their needs? Well, speaking as to the provinces of Quebec and Ontario, I can say that when a man, for one reason or another, was unable to find work he was supported by some member or members of his family. If his unemployment lasted so long that his family could not continue supporting him, then he could appeal to some charitable institution and obtain help.

Hon. Mr. HAIG: The same condition existed in Manitoba.

Hon. Mr. DANDURAND: I should say that although there is a large proportion of newcomers in the West, people from all parts of Europe, the same practice prevailed. But when relief was instituted by the municipalities and a certain sum was made available to needy persons every week, unemployed people were attracted to the municipalities. If we could obtain some data as to the number that were taken care of under the old system, we should be able to make an interesting comparison.

Another development is in part responsible for the large number of our unemployed. Up to 1929 our Canadian youth who could not find work at home, or were unable to get a salary that satisfied them, could cross the line and

find a ready market for their services in the United States. They were all the more welcome there after that country had almost closed its doors to immigrants from Europe. But that market has been closed since 1930 or 1931, and that part of our population which under former conditions would have gone to live in the United States has been forced to seek employment at home. We all know what a considerable Canadian population there is in the New England States. Nova Scotia has given a large number of its people to our neighbours; New Brunswick perhaps to a lesser extent; but Quebec and Ontario have contributed a large proportion of our emigration to the United States. While this emigration continued it relieved the labour situation in our towns and cities.

There is fortunately a redeeming feature in the closing of the United States to our young people, which is familiar to all honourable senators who are within the sound of my voice. It is that to-day there is a considerable opening northward. Our northern country, through its mining development, can now take care of thousands of young men. I believe that if they are sufficiently trained to enter that field there will be ample compensation for what we were losing to the south—not only ample compensation, but an improvement in Canada, since we shall be retaining these young men.

I have noticed during the last few years that our towns and cities have been flooded with people who heretofore were being taken care of by their families and by local institutions. Now they have to be taken care of by our municipal, provincial and Dominion authorities.

My honourable friend from Winnipeg (Hon. Mr. Haig), in giving advice which he felt should reach the Government, has intimated that it was not his intention to criticize the efforts put forth by the Government during these last few years to solve this very difficult problem. Of course the West knows, I believe, that it has no grievance against the Central Provinces and the Maritimes, which provinces have contributed their share to alleviate the Western situation.

Hon. Mr. HAIG: Hear, hear.

Hon. Mr. DANDURAND: We have paid our share of the cost. We have advanced to the Western Provinces, on their notes, their share of relief, which my honourable friend says he doubts very much they will be able to repay. We have felt it to be our duty to make that contribution because we are all one country. We have, besides, thrown in millions upon millions of dollars for people suffering from the drought in southern Saskatchewan and Alberta, and I am quite sure that in view of the formidable amount which has gone from the federal treasury to the provinces of the West, those provinces must feel that, although their situation is not very bright, the Dominion has shown, through its representatives from all the provinces, that we are capable of understanding the situation and are meeting it as best we can.

In the last few years we have all done our best in trying to find a solution, and the activities of the present as well as the preceding Government have been directed towards solving the present problem. What is in store for us in the years to come we do not know, but we were all somewhat optimistic last year in thinking we were at last moving towards better days, as indeed we did for a number of months. There is somewhat of a recession just now, but I hope it is temporary. Of course, we are to a considerable extent dependent upon our southern neighbour in matters of economics, because when there is a depression in the United States the purchasing power of its immense population is lessened, and consequently Canada's exports shrink. We all recognize that such is the situation to-day. Yet it is extraordinary that we have not been drawn into the recession to the same degree as the United States. This is a good omen for Canada, which on its own feet is forging ahead. Our population is still at work. It is interesting to note the fact, though it relates to the year 1937, that men have been doing sufficiently well to increase their income tax payments to the Federal Treasury. I noticed this morning that our Customs returns are less than they were for the corresponding period last year.

Right Hon. Mr. MEIGHEN: The honourable gentleman should make it plain that the income tax returns largely reflect earnings of 1936.

Hon. Mr. DANDURAND: But the income tax paid on the 30th of April last was on 1937 incomes.

Right Hon. Mr. MEIGHEN: No; in very large degree it was otherwise. In respect of all companies—take our own, for example—whose business year ends on the 31st day of March, the earnings are nearly altogether in 1936. The same is true in respect of all private companies, which are almost universally owned by large income tax payers. So the earnings reflected in the present income tax returns are in the main 1936 earnings.

Hon. Mr. DANDURAND: It will be very interesting to see the income tax returns for the present year, 1938.

Right Hon. Mr. MEIGHEN: They will be very high.

Hon. Mr. DANDURAND: The first months of this year have not been too good, but we must hope that the situation will improve and that conditions in the West will give us such returns as will help Canada to meet the situation. Of course, we shall have to wait for some months to see how things turn out, but I hope that with the help of Providence there will be a turn for the better.

I move the second reading of the Bill.

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

BUSINESS OF THE SENATE

On the Order:

Second reading of Bill 107, an Act respecting the Canadian National Railways and to provide for the refunding of matured, maturing and callable financial obligations.

Hon. Mr. DANDURAND: I move that this Order and the remaining Orders be discharged and placed on the Order Paper for the next sitting of the House.

Right Hon. Mr. MEIGHEN: I have no objection, of course, but I wish to say this. When the Canadian National Refunding Bill comes up I should like the Minister to explain why we could not make the Bill ample to put the Government in a position to take care of the future over a long period, if not indefinitely, in respect of refunding. There may be some reason why this Bill should be only a temporary measure, but I do not seee why the Government should not be in a position to take care of Canadian National refunding continuously. Certainly it has to be repeatedly empowered to make provision for this refunding.

Hon. Mr. DANDURAND: The Minister of Finance stated that under the Bill he could take care of the refunding until 1941. The last Act—

Right Hon. Mr. MEIGHEN: Of 1935.

Hon. Mr. DANDURAND: —of 1935, allowed $200,000,000, and about $7,000,000 or $8,000,000 of that authorization still remains to be expended. He has asked for the same amount, but he has explained that that would cover the refunding of our obligations up to 1941.

Right Hon. Mr. MEIGHEN: There may be good reasons. I do not know.

Right Hon. Mr. MEIGHEN.

Hon. Mr. DANDURAND: I am glad my right honourable friend draws my attention to this situation, because, though this Bill may pass, if the need for a larger operation became apparent, we could come back next year and move to provide for it.

The motion was agreed to.

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

THE SENATE

Wednesday, May 18, 1938.

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

Prayers and routine proceedings.

QUEBEC BATTLEFIELDS—INSURANCE

INQUIRY

Hon. Mr. BLONDIN inquired of the Government:

1. With reference to the Quebec Battlefields, what amount of insurance is represented by the $2,000 premium of insurance?

2. What is the nature of such insurance, whether against fire, accidents, robbery, etc.?

3. What are the buildings, machinery, materials or any other properties covered by such insurance, and what is the amount and what is the purpose of insurance on each article insured?

4. How many years are covered by such premium?

5. What is the name of the insurance agent or agents, and if representing one or many firms, what is the name of such firm or firms?

6. What is the percentage or commission charged, and what is the individual valuation put on each and every one of the insured articles or buildings?

Hon. RAOUL DANDURAND: Honourable senators will remember that when we discussed the National Battlefields Bill a little while ago I gave some details of the Commission's expenditures, among which appeared an item of $2,000 for insurance premiums. That seemed to some honourable members a high figure and I was queried as to the details of that sum. My honourable friend from Laurentides (Hon. Mr. Blondin) placed a notice of inquiry on the Order Paper, requesting this information, and I now have a series of answers to his various questions. I feel sure that these answers will give full satisfaction to this House. As they are of some length, I ask permission to place them upon Hansard instead of reading them.

Hon. P. E. BLONDIN: Honourable senators, perhaps I may be permitted to say a word of personal explanation on this question. To those who happen to know the members of the National Battlefields Commission—all men of the highest and most unimpeachable character, among whom is one of our distinguished members, the honourable senator from Grandville (Hon. Sir Thomas Chapais)—this question may seem to be unnecessary and even, to some, uncalled for. But those who do not happen to know the members will, I am sure, understand from the answers which have just been presented the very high regard in which these gentlemen are held in our province.

The answers are as follows:

1, 2, 3, 5 and 6:

—	Amount of Policy	Premium	Name of Company	Agents
	$ cts.	$ cts.		
Fire Insurance—				
Chevrolet coach	823 00	3 25	Liverpool, London & Globe	Pratte & Côté.
Chevrolet express	794 00	5 85	Royal Insurance Company	Saucier & Lavoie.
2 motorcycles	1,458 00	10 00	Providence Washington Ins. Co.	Lavoie & Lesage.
Lavatories	4,800 00	14 40	Insurance Co. of North America	Belleau & Auger.
Gas roller	1,200 00	9 60	Railway Passengers Assurance	Pratte & Côté.
Greenhouse	10,000 00	200 00	Nationale Fire Ins. of Paris	Belleau & Auger.
4 storehouses	7,700 00			
Machinery and tools	3,300 00	242 30	Royal Exchange Assurance	Wm. J. Walsh.
Machinery and tools	5,000 00	75 00	Occidental Fire Insurance	United Underwriters.
(Detail of last two items follows: 2 steam rollers; 2 compressors, 2 tractors; 1 tree sprayer; 1 asphalt sprayer; 2 motor lawn mowers; 2 agricultural implements and different tools).				
Commission's building, 10 Taché Ave	7,500 00	45 00	Atlas Insurance Company	Pratte & Côté.
Total fire insurance	42,575 00	605 40		
Accident—				
Chevrolet coach.....Public Liability	5/10,000 00			
" " .....Property Damage	1,000 00	53 80	Liverpool, London & Globe	Pratte & Côté.
Chevrolet express.....Public Liability	5/10,000 00			
" " .....Property Damage	1,000 00	56 87	Royal Insurance Company	Saucier & Lavoie.
Ford truck (1930).....Public Liability	5/10,000 00			
" " .....Property Damage	1,000 00	59 56	Halifax Fire Insurance Co.	United Underwriters.
Ford truck (1931).....Public Liability	5/10,000 00			
" " .....Property Damage	1,000 00	58 70	Halifax Fire Insurance Co	United Underwriters.
2 motorcycles.....Public Liability	10/20,000 00			
" .....Property Damage	2,000 00	50 70	Providence Washington Ins. Co.	Lavoie & Lesage.
4 boilers.....Public Liability	60,000 00	268 01	Royal Insurance Company	Belleau & Auger.
1 boiler.....Public Liability	20,000 00	119 50	Liverpool, London & Globe	Lavoie & Lesage.
Total accident insurance	146,000 00	667 14		
Theft—				
Chevrolet coach	823 00	6 50	Liverpool, London & Globe	Pratte & Côté.
Employers' Liability—				
Wages paid to employees (rate .75 per $100)	45,114 13	338 36		Workmen's Compensation Board

Public Liability—				
Public Liability Property damage	30,000 00 2,000 00	156 25	Canadian Indemnity Company.....	Willis, Faber & Company.
Total public liability.....	32,000 00	156 25		
Total all insurance.....	266,512 13	1,773 65		

4. Commission's building and greenhouse insured against fire and boilers insured against accidents for three years; all other items insured for one year.

NOTE.—The item $2,000 represented an estimate of the cost of insurance premiums during 1938-39. The amount of $1,773.65 shown above represents the total of the premiums paid for insurance at present in force. Some policies will expire during the year and will have to be renewed.

Ottawa, May 18, 1938.

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REVISED EDITION

POST OFFICE BILL (NEWSPAPER OWNERSHIP)

FIRST READING

A message was received from the House of Commons with Bill 20, an Act to amend the Post Office Act (Newspaper Ownership).

The Bill was read the first time.

DIVORCE AND MATRIMONIAL CAUSES BILL

THIRD READING

Hon. L. McMEANS moved the third reading of Bill B, an Act respecting Divorce and Matrimonial Causes, as amended.

Hon. A. MARCOTTE: Honourable senators, it is with great reluctance that I rise to make a few remarks on this proposed legislation. Being of the Catholic faith, I must be opposed to any amendments to our legislation on divorce which will open wider the doors to people seeking dissolution of marriage.

The law exists, and we respect it. Those who are not of my religious faith are convinced that the law of divorce is a good law. It is their right to think so, and I respect their conviction.

The most recent addresses by some of our honourable members have covered the one phase which I am free to discuss without referring to divorce and marriage under religious considerations, that is, the phase of jurisdiction of this Parliament as to marriage. So far, we have had three main addresses on this question of jurisdiction. We all pay great and deserved tribute to the honourable senators from North York (Hon. Sir Allen Aylesworth) and Vancouver South (Hon. Mr. Farris) and the right honourable leader on this side (Right Hon. Mr. Meighen), who have spoken. We admire their knowledge of law and their talent of exposition, and we are proud of the reputation they have gained in the legal profession. Being a very humble member of the same profession, I know that I am taking a risk in venturing to express an opinion on this same question.

The honourable senator from North York made, as is customary with him, a very sound exposition of the law as he knows it, and he is a recognized authority. The right honourable leader on this side, with his superb powers of oratory, has given us what he claims to be an unchallengeable thesis on our jurisdiction in this particular field. The honourable senator from Vancouver South, whom I for the first time heard in a discussion of law, has given me, as I am sure he has given to all of us, real pleasure by his clear, concise and eloquent exposition of the legal aspect of this Bill.

I am in nearly total agreement with the honourable senator from North York on the question of jurisdiction, in nearly total disagreement with the right honourable leader on this side in his argument on our jurisdiction on marriage, in disagreement with the honourable senator from Vancouver South on our jurisdiction on marriage, but in agreement with him on the question of nullity of marriage and void and voidable marriages.

In his remarks on the address of the honourable senator from North York, the right honourable leader on this side said, as reported at page 279 of the Debates of the Senate:

> I have the greatest regard—we all have—for the views in matters of law, constitutional and other, of the honourable senator from North York (Hon. Sir Allen Aylesworth). I do not set myself up as at all fitted by experience or equipment to combat a position which he deliberately takes after careful study, but I venture in this case to hold and expound an opinion wholly opposite to his own, and to justify myself only because I believe that he has not given to the question that thorough review which is essential in the circumstances.

He further said, at page 280:

> I have put this question to a great many persons. I first put it to myself, and I have posed it to other lawyers, old and young, and have given them days to come with an answer, but I have never yet had an answer. In a word, then, the argument of the honourable senator from North York means that when the British North America Act conferred on this Parliament jurisdiction in respect of marriage it was a pure illusion and gave us no authority to legislate on anything whatever.

According to that statement, complete review is essential. Has the right honourable gentleman entirely reviewed this question? I do not think so. I should also be surprised to hear that he put his questions to those who created the legislation and who, if they cannot answer from their graves, are able to answer by the records left in the reports of their deliberations.

Surely, in giving this matter a thorough review, one would read the debates on Confederation of the British North American provinces of 1865 and would try to find out what the meaning of the word "marriage" was intended to be, and why it was placed alongside of "divorce." This matter of marriage was at that time one of the most important questions of the residents of Lower Canada, that is, the province of Quebec, and was carefully covered at the Quebec

Conference before the provision in this respect was drafted for the British North America Act.

Let us find out the facts as to the intention of the legislators and the meaning of the word "marriage" in the section covering marriage and divorce. This will lead us to the question of civil rights, solemnization of marriage and, finally, the jurisdiction of this Parliament on these questions.

I shall be as concise as possible, because I do not intend to give honourable senators a lecture on this very mooted question.

The Hon. Mr. Langevin, then Solicitor-General, in addressing the Legislative Assembly, spoke as follows, as reported at page 388:

Notwithstanding the advanced hour of the evening, I cannot pass over in silence another observation made by the honourable member, and I beg he will accord me his undivided attention at the present moment. The honourable gentleman has asked the Government what meaning was to be attached to the word "marriage," where it occurred in the Constitution. He desired to know whether the Government proposed to leave to the Central Government the right of deciding at what age, for example, marriage might be contracted. I will now answer the honourable member as categorically as possible, for I am anxious to be understood, not only in this House, but also by all those who may hereafter read the report of our proceedings. And first of all I will prove that civil rights form part of those which, by article 43, paragraph 15, of the resolutions, are guaranteed to Lower Canada. This paragraph reads as follows:

"15. Property and civil rights, excepting those portions thereof assigned to the General Parliament."

Well, amongst these rights are all the civil laws of Lower Canada, and among these latter those which relate to marriage. Now it was of the highest importance that it should be so under the proposed system, and therefore the members from Lower Canada, at the Conference took great care to obtain the reservation to the Local Government of this important right, and in consenting to allow the word "marriage" after the word "divorce," the delegates have not proposed to take away with one hand from the Local Legislature what they had reserved to it by the other. So that the word "marriage," placed where it is among the powers of the Central Parliament, has not the extended signification which was sought to be given to it by the honourable member. With the view of being more explicit, I now propose to read how the word marriage is proposed to be understood:

The word marriage has been placed in the draft of the proposed Constitution to invest the Federal Parliament with the right of declaring what marriages shall be held and deemed to be valid throughout the whole extent of the Confederacy, without, however, interfering in any particular with the doctrines or rites of the religious creeds to which the contracting parties may belong.

This is a point of great importance, and the French Canadian members ought to rejoice to see that their fellow-countrymen in the Government have not failed in their duty on a question of so serious a nature. On many other points many of them will doubtless claim that we have not thoroughly fulfilled our duty, but as regards the matter in question there can be no difference of opinion, as we have all a common rule to guide us; and I repeat that they ought to rejoice that their co-religionists in the Conference have not been found wanting on this occasion. The whole may be summed up as follows: The Central Parliament may decide that any marriage contracted in Upper Canada, or in any other of the Confederated Provinces, in accordance with the laws of the country in which it was contracted, although that law might be different from ours, should be deemed valid in Lower Canada in case the parties should come to reside there, and vice versa.

Hon. Mr. Dorion: There was no necessity for that provision.

Hon. Sol. Gen. Langevin: I have just proved that it was necessary.

You have in those citations the reason for the word "marriage" being placed alongside of "divorce," and you will have to pay particular attention to the fact that Hon. Mr. Langevin declared that he was speaking in the name of the Government. As you know, there were in the Ministry at that time such men as Hon. Sir Etienne Pascal Taché, Hon. John Alexander Macdonald, Hon. George Etienne Cartier, Hon. Alexander Tilloch Galt, Hon. Alexander Campbell, Hon. Thomas D'Arcy McGee, Hon. Jean Charles Chapais, Hon. George Brown, Hon. William McDougall, Hon. William Pearce Howland, Hon. Hector Louis Langevin, Hon. James Cockburn. There was not one word of protest from any of these Ministers who were not of the Catholic faith; so you might say that this opinion, so carefully worded as to the meaning of the word, is one which has always been respected up to now, even if challenged at one time or another.

We now come to marriage as being a contract, and consequently coming under civil rights. Let us leave aside the solemnity of marriage and direct our minds to marriage as a natural contract. I am borrowing from the Hon. Mr. Cauchon, in his address on the same subject, to be found at page 577 of the same debate:

It is—

—that is, marriage—

—the social formula; it is, as I had occasion to write elsewhere, the natural mode of transmitting property, which is the fundamental base of society, and, to go farther, society itself in its constitution. (Hear, hear.) If we cannot suppose a body without a form, so we cannot suppose society without its formula, and in destroying its formula you destroy society. That is the reason why the marriage

tie should be indissoluble: it is it which constitutes the family, and in breaking that tie you destroy the family, in breaking that tie you strike a mortal blow at society, because family ties are its only base, its only foundation, its only element of composition. (Hear.) It is from those fundamental truths that spring the rights, duties and civil laws which prove their existence and at the same time protect them. . . .

I am leaving out that part of the speech which deals with the subject-matter on religious grounds.

Marriage presents itself to us here under another aspect—that is, marriage with regard to its civil effects. This project attributes the civil laws and legislation as to property to the local legislatures. Now, marriage, considered as a civil contract, becomes necessarily a part of these laws, and, I might even say, it affects the entire civil code, containing in its broadest sense all the marriage acts, all the qualities and conditions required to allow marriage to be contracted, all the formalities relative to its celebration, all its nullifying causes, all its obligations, its dissolution, the separation of the body, its causes and effects; in a word, all the possible consequences that can result from marriage to the contracting parties, their children and their estates. (Hear, hear.) If such had been the intention of the delegates, we might as well say that the civil laws will not be one of the attributes of our Local Legislature, and that these words, "property and civil rights," have been placed ironically in the fifteenth section of the forty-third clause of the scheme. But I was sure beforehand that such could not be the case, when the honourable Solicitor-General for Lower Canada declared the other day, in the name of the Government, that the word marriage, inserted in the project of Confederation, expresses the intention to give to the Federal Parliament the power to declare that marriages contracted in any one of the provinces, according to its laws, should be considered as valid in all the others. Then am I to understand that that part of the Constitution relating to this question will be drafted in the sense expressed in the declaration of the honourable Solicitor-General and will be restricted to the case mentioned?

Hon. Sol. Gen. Langevin: I made, Mr. Speaker, the other day, in the name of the Government, the declaration now alluded to by the honourable member for Montmorency, relative to the question of marriage. The explanation then given by me exactly accords with that which was affixed to it at the Quebec Conference. It is undoubted that the resolutions laid before this honourable House contain in all things only the principles on which the bill or measure respecting Confederation will be based. I can assure the honourable member that the explanations I gave the other evening, relative to the question of marriage, are perfectly exact, and that the Imperial Act relating to it will be drawn up in accordance with the interpretation I put upon it.

Hon. Mr. Dorion: I thought I understood from some one, whom I had reason to consider well informed, that that article was intended to protect mixed marriages.

Hon. Sol. Gen. Langevin: In order that I may be better understood by the honourable member, I will read the written declaration which I communicated to the House the other evening. This declaration reads as follows:

"The word marriage has been placed in the draft of the proposed Constitution to invest the Federal Parliament with the right of declaring what marriages shall be held and deemed to be valid throughout the whole extent of the Confederacy, without, however, interfering in any particular with the doctrines or rites of the religious creeds to which the contracting parties may belong."

The honourable member for Hochelaga will please to remark that I have been careful in reading this declaration; and in order that no doubt may exist respecting it, I have given to the reporters the very text of the declaration.

Marriage, being a contract, belongs essentially to civil rights and then is under exclusive provincial jurisdiction. As to the solemnization of marriage, there is absolutely no doubt that it belongs to the jurisdiction of the provinces.

There is one question which appears to me deserving of consideration, and that is, as to what is the power with respect to marriage, solemnization of marriage and all other matters pertaining to marriage in parts of the Dominion which have not been as yet erected into provinces and are consequently under the federal jurisdiction. Might it not be said that, as the British North America Act contemplated the addition of new territories to the first provinces, marriage would come under the jurisdiction of this Parliament in these territories?

In his address the right honourable leader on this side (Right Hon. Mr. Meighen) made the remark that this Bill does not affect Quebec at all. It seems to me that if there is one province in the Dominion which would be affected by this Bill, it is the province of Quebec, because residents of that province have only one court to go to in order to secure a divorce, and it is this Parliament. So any amendment that we pass to the existing legislation on divorce is going to affect the residents of the province of Quebec the same as the residents of any other province.

I do not intend to elaborate any more on this question. My purpose is achieved. But let me refer those who would be interested in finding more law on the subject to the discussion in the House of Commons on the Lancaster case, and to the judgment of our Supreme Court in the same case. They may also refer to the discussion of the Girouard Bill, presented in the House of Commons and later withdrawn, in 1880. They will find there some very illuminating opinions of legislators and judges.

May I say, before concluding these remarks, that the Honourable Mr. Langevin, who at the time of Confederation was Solicitor-General, and who later became Sir Hector Langevin, was the father-in-law of our esteemed colleague from Grandville (Hon. Sir Thomas Chapais), and that the Honourable Mr. Chapais, also a member of the Ministry at that time, was his father. I have to thank him for information he has given me, not only in this particular case, but on many occasions, on what took place at the time of Confederation.

It has been stated very often that Confederation would not have been possible without the co-operation of the province of Quebec. From what I have cited it will be seen that this co-operation would never have been secured if this question of jurisdiction on marriage had not been left with the provincial jurisdiction, with the exception already mentioned.

Are we going to say that this declaration by the Government of the time was just a snare and a trap to secure the adhesion of the Catholics and of the province of Quebec to the scheme of Confederation? Some of the men who framed the legislation were great lawyers and greater statesmen. They knew what they intended to do, and said so in no equivocal manner. They took the pledge that this interpretation and declaration should be embodied and construed in that manner in the British North America Act. Is it to be said that the first move to change that interpretation, to cast away the pledge, will come from this Senate, which is rightly considered as the safeguard of vested rights? I do not believe it. Before we did that we should have to think, think hard and think twice.

I shall vote against the Bill.

Hon. J. J. HUGHES: Honourable senators, naturally I listened with all the attention I could command to the speeches delivered by the honourable senator from North York (Hon. Sir Allen Aylesworth) and the right honourable leader on the other side of the House (Right Hon. Mr. Meighen) with respect to this Bill on the 10th and the 11th instant respectively. I suppose no better example ever was given of how able lawyers can differ on legal questions. A day or two later other lawyers spoke on the Bill, and to some extent they all differed from one another and from the first two gentlemen mentioned. But, as I see it, none of them touched the real merits of the question, which are moral, and which go to the very foundation of all Christian society. Under these circumstances what can the ordinary members of this House, who feel they have some responsibility for the laws made by Parliament, do? Is there any authority which the proponents and the opponents of this Bill will acknowledge to be an authority, and to which they can go for guidance in this matter? I know of no authority that will fill these requirements except the Bible. Therefore, to the Bible I go.

When speaking on the second reading of this Bill on the 15th of March last I quoted from the Bible the passages in which the Lord Jesus Christ clearly and distinctly taught the indissolubility of marriage and declared divorce to be unlawful. Now, if Jesus Christ was and is God, that closes the case for Christians. On the other hand, if Jesus Christ was not God, Christianity and all that it connotes go by the board. Of course, it may be stated that the Bible is so hard to understand that one may get authority for almost anything from its pages, and I think this is what the right honourable leader on the other side meant when he stated on the 24th of March last, as reported in Hansard, at page 146:

> I shall not pursue the inquiry further. I have cited that—
>
> —meaning his previous statements that day—
>
> —as illustrating how it is impossible to act save in the sunlight of the whole writings—
>
> —meaning the Bible—
>
> —the sunlight of the teachings which these writings are intended to give, and as showing that we should not seek to follow the specific, isolated wording of a single sentence or paragraph.

I think this means that to get a proper grasp of the meaning of any part of the Bible one would have to read it through from Genesis to Revelations, compare book with book, chapter with chapter, and verse with verse, and perhaps compare the translations with the original documents. As I see it, this, without Divine assistance, would be a task beyond the capacity of any person who ever lived, and certainly a task beyond the capacity of the members of this House. What, then, are we to do? Are we to cast the Bible aside, as a book of no practical value? I think not. I think Lord Tweedsmuir, for instance, was practical when he advised public men to read the Bible and be guided by its teaching.

Now, I admit at once that I quoted specific verses from the Gospels and from St. Paul's epistles, to prove the indissolubility of marriage and the unlawfulness of divorce. But I hold that I did not take these specific verses from their contexts, or seek to distort their meaning in any way whatever. I also hold

that these verses are as clear, plain and distinct as anything else that ever was written and published in the English language and that they are not dependent for their meaning on any other part of the Scriptures. If any person holds they are so dependent, the burden of proof is on him.

I admit that it is possible to have divorce and a Bible at the same time, but it will not be the Bible of the Christian. It will be a Bible shorn of its power and reduced to the level of a scrap of paper, or a book of fables. Yes, it is possible to have divorce and such a Bible as I have described, but it is not possible to have divorce and specific belief in the divinity of Jesus Christ at the same time, and it is explicit belief in the divinity of the Saviour that is going fast in a large part of Christendom, and has gone in some parts. And it is this state of affairs, rather than economics and kindred subjects, that gives us the world we have to-day.

When I hear honourable members in this Chamber say they believe in the principle of divorce, I am shocked. The declaration comes to me with the force of a blow, because the principle of divorce is the very thing that Christ condemned. And it seems a terrible thing for a mere human being to challenge the wisdom and authority of Almighty God. In a word, man cannot make right what God Himself has made wrong. Every thoughtful person who belongs to, and has an interest in the endurance and welfare of, the English-speaking world must be alarmed. We are travelling the road that in the past led to the extinction of many nations, and we have the same God they had.

I know it is good Christian ethics that when you cannot eliminate an evil you do what you can to minimize it. Accordingly I move, seconded by the honourable gentleman from Lunenburg (Hon. Mr. Duff), an amendment to the Bill which, if carried, will prevent the guilty party from marrying again during the lifetime of his or her former spouse. If this be a punishment it is, I feel sure, a light one, and one that ought to be inflicted. We have been told—in fact, I think the judges in Ontario have stated—that seventy or eighty per cent of the divorces given in that province are obtained by collusion and accompanying perjury on a large scale. This amendment would, I believe, virtually wipe out such frauds and crimes. For these reasons and for many others that could be mentioned, the amendment should, I think, be accepted by this House. I therefore submit it for the careful consideration of honourable members.

Hon. Mr. HUGHES.

I move, seconded by the honourable senator from Lunenburg (Hon. Mr. Duff):

That the Bill be not now read a third time, but that it be amended as follows:

Page 4, line 34:

By adding to section 8 of the Bill as subsections 2 and 3 the following:

(2) Notwithstanding anything in this Act, whenever, hereafter, in Canada, any divorce is, by statute or by the decree of the court, enacted, decreed, pronounced or granted, the respondent in the proceedings for the divorce, hereinafter referred to as the "delinquent spouse," shall not during the lifetime of the petitioner in such proceedings, hereinafter referred to as the "former spouse," be competent to intermarry with any person other than his then unmarried former spouse.

(3) Notwithstanding anything in this Act, if, during the lifetime of his former spouse such delinquent spouse

(a) in Canada goes through a form of marriage with any person other than his former spouse, or

(b) leaves Canada with the intent to intermarry with any person other than his former spouse and thereafter out of Canada goes through a form of marriage with a person other than his former spouse,

he shall, in Canada, be and be deemed to be guilty of bigamy and punishable as in and by the Criminal Code provided.

Hon. JAMES MURDOCK: Honourable senators, our highly respected friend who has just spoken (Hon. Mr. Hughes) has on several occasions quoted the Bible with regard to divorce. Though I can assure him that I have read the Bible all through on more than one occasion, there are in it many passages that I have forgotten; so I have undertaken to find out what the law as handed down to Moses by the Lord has to say on this subject. From my perusal of the Old Testament I have concluded that unquestionably there was in former times such a thing as divorce. I do not know how it came about, but I am going to give to my honourable friend and to other honourable senators the references to divorce that I find in the laws handed down by the Lord to Moses. I presume it may be inferred that in olden days divorce was recognized by the Lord and the instructions in relation thereto were given to Moses for promulgation to the children of Israel.

My honourable friend asked, "What can ordinary people do?" I agree with him in that respect. Then he said, "I know of no source to which I can go except the Bible." All right, I agree with him again. Leviticus deals with divers laws and ordinances, and in the first verse of chapter 21 I find the following:

And the Lord said unto Moses, Speak unto the priests the sons of Aaron, and say unto them—

Then in several verses the Lord proceeds to instruct Moses what the people are to do in regard to the many and various questions affecting human conduct. Before I cite verses 13 and 14, I would ask honourable members to bear in mind that the Lord is directing Moses to instruct the priests. In verse 13 He said unto Moses:

And he shall take a wife in her virginity.

Now verse 14:

A widow, or a divorced woman, or profane, or an harlot, these shall he not take: but he shall take a virgin of his own people to wife.

I quote that verse as indicating that surely divorce was recognized in Israel at that time. If anyone reading the Bible wishes to take an opposite view, I admit at once that probably his interpretation is better than mine.

Then I come to Numbers, chapter 30, and find the page captioned, "Vows are not to be broken," and so on. Verse No. 9 reads:

But every vow of a widow, and of her that is divorced, wherewith they have bound their souls, shall stand against her.

Does that not mean that in olden days there were divorced women? I think we may assume without question that there were. I think we may assume also that verse 1, chapter 21, of Leviticus contains a command to the priests that they must not marry a divorced woman. This appears to me to indicate that even in those days divorce was recognized by the Lord in His instructions to Moses, and, through Moses, to the children of Israel.

This particular question has demonstrated considerable differences of understanding and opinion, and not for a moment would I insist that my view is correct. I have no more desire than my honourable friend who has just spoken that there should be an inordinate number of divorces in this country, but I think it would be a crying shame to tie some couples together after it had been proven conclusively that they could not continue to live together under proper conditions.

A few days ago I was dumbfounded by a statement made by an honourable senator, appointed, I presume, to represent the people of Canada in accordance with the dictates of his conscience and his judgment as to right and wrong. If such is not the purpose for which I am here, I am utterly mistaken. This is the statement:

It is not on my part any conscientious feeling that marriage is necessarily a sacrament of the Church, but I know that conscientious feeling is deep-rooted in the hearts of many, many of my best friends, and I am not willing to sit in Parliament and concur in putting on the Statute Book anything which would do violence to their conscientious, solemn, sacred matters of belief and creed.

If ever in the world we saw in this assembly a demonstration of the dodging of responsibilities—responsibilities which, it seems to me, are God-given as well as nationally-given—it was on that occasion. I am in a sorry position if, having no conscientious convictions of what it means to vote for that which in my best judgment is for the good of Canada, I scratch the backs of some friends outside to make them feel content, or if in order to satisfy their personal feelings and inclinations I refuse to take this, that or the other position. I think it was a great misfortune ever to have a declaration of that kind put upon the records of this House by a senator presumably appointed to speak for the people of Canada.

I realize that in the Senate there is a very marked difference of opinion in respect of divorce. I concede absolutely that it is the right of those distinguished members who from lifelong personal and religious convictions are opposed to divorce in any way, shape or form, to maintain that position; but it would be going perhaps a little too far afield, certainly beyond any such position as I would adopt, if some members should undertake to say to those holding a different view of the matter, "We will not let you do what you propose." I think that is not the proper attitude. I should not regard myself as being on good ground if in opposing the view of others I sought to determine for them what they ought or ought not to do.

Speaking to the amendment, I do not think we should say in effect that those who have been parted under the divorce laws of Canada, presumably for proper cause, should be prevented from ever again enjoying the privileges and home comforts of married life with partners with whom possibly they might get along very much better.

Hon. Mr. HUGHES: May I make an explanation? The honourable member from Parkdale (Hon. Mr. Murdock) has cited the law of Moses. Surely he must know that for the last 1900 odd years we have been living under the New Dispensation.

Hon. Mr. CALDER: We still have the Ten Commandments.

Hon. Mr. HUGHES: That is the very point which Our Saviour decided on this question. When asked as to that, He said His teaching superseded the law of Moses. A large number of persons believe this to be so. The very thing which in my opinion is wrong with the world to-day is that it has got away from the idea that Jesus Christ was the Son of God and had power to supersede the Old Law. Let me repeat, we are living under the New Dispensation.

Hon. Mr. MURDOCK: I thought my honourable friend might take that view; and I admit it.

Hon. J. P. MOLLOY: Honourable senators, I had not intended to take part in this debate, as I have not been here during all the discussion, but as everybody seems to be taking a wallop at it, I thought I might as well do so myself.

In the first place I am going to put to the sponsors of the Bill what I think is a very fair question. I ask them and all other honourable senators who support this Bill: Who asked for it? Did the United Church of Canada, a strong, splendid, powerful body, ask for it? Did the Baptist Church ask for it? Did the Salvation Army, a great religious body, ask for it? Nobody will say that the Catholic Church asked for it.

An Hon. SENATOR: Or the Anglican Church.

Hon. Mr. DUFF: What about the Presbyterians?

Hon. Mr. MOLLOY: I will come to them now. Did the Presbyterian Church ask for the Bill? Did the Ministerial Association of Canada ask for it? Did any of the great secret and fraternal organizations of this country ask for it? Did that great body known as the Free Masons, established not only in Canada but throughout the world, ask for it? Did the Oddfellows of Canada ask for it? Did the Knights of Columbus?

Hon. Mr. McMEANS: Sure!

Some Hon. SENATORS: Oh, oh.

Hon. Mr. MOLLOY: And last, but certainly not least, did the Orange Order of Canada ask for it? Have any of the great welfare associations in Canada like the Kiwanis Club or the Rotary Club, or any other organization in Canada, asked for it? If they have, it is without my knowledge. Who is behind the sponsors of the Bill and what I am pleased to term the hand-picked committee, in support of the Bill?

My honourable friend the senior member from Winnipeg (Hon. Mr. McMeans), for whom I have the greatest respect, said this was a reform. A reform, as I understand it, is something for the betterment of the people; not some of the people, but all of the people. This is not advanced legislation; it is retrograde legislation. Will this make the people of Canada better? It will not. It will certainly make them worse.

There are two things that the Senate and the Parliament of Canada, or any other government in the world, cannot do: they cannot by legislation prevent the manufacture, sale and use of liquor, and they cannot prevent the committing of adultery. I challenge any honourable member in this Chamber to contradict successfully that statement. We know both these things go on. The divorce laws of Canada relate to one; we are not dealing with the other. Why introduce this Bill at all? Why has it had to travel the rocky road it has been travelling, and will have to travel further before we are through with it? I believe it is walking as fast as it can, if I may put it that way, to an early grave. I may be mistaken, but I do not believe the Parliament of Canada will pass this Bill. I hope it will not, because it is not in the interest of the people, regardless of what any man may say.

Now, what support have I for my stand? Many years ago, shortly after his election as Governor of his state, a gentleman who afterwards became President of the United States was called into conference on the question of divorce. Governor Wilson was a Protestant. I am a Catholic. I respect good Protestants, and I try to be a good Catholic, which is mighty hard.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. MOLLOY: What did he say? Did he force himself on that conference? He did not. In fact it had to be forced on him. This is what he said: "Divorce was settled centuries ago in the only way in which it could be settled. It was settled by the Catholic Church and by the prohibition of divorce."

We know the history of divorce in England. It was introduced into that country by Henry VIII, the greatest monster England ever knew. He was not a very lovable character; there was nothing enchanting about him.

We will go a little further. Will this legislation make the homes of Canada better? Will it make the people better? The right honourable gentleman opposite (Right Hon. Mr. Meighen) is a man whom I have known for a long time, and if nobody else in this House respects him I do. He is the man who hit the nail on the head. I thought he was going to vote against the Bill when he first spoke. I always listen to what he says. And why would I not? In effect he said this: "If you interfere with the home you start to undermine the nation." Those are not his exact words, but that is what they meant. He put me a good deal in mind of a cartoon I saw about fifty years ago. It showed an Irish landlord with a bottle of whisky in one hand and a glass in the other, giving the gardener a drink at the end of the day. "Paddy,"

he said, "I am afraid I am putting a nail into your coffin." After Paddy had the drink he said, "Kind sir, put in another while you have the hammer in your hand."

Some Hon. SENATORS: Oh, oh.

Hon. Mr. MOLLOY: My right honourable friend dropped the hammer, and is now, perhaps, one of the strongest supporters of this Bill. I have no objection to that; but I say the thing is wrong from the very beginning. It is not a reform.

Desertions have been referred to. Well, desertions will go on as long as history is written, and no matter how many bills you pass or what amendments you make to the Divorce Act, there will be misfit marriages. And no wonder! Marriages are taking place largely, I am afraid, as a matter of convenience, not, as in the old days, when people believed that marriage was right and all that came with it or from it was proper. Marriage to-day is regarded by many as simply a matter of convenience. If I dared I would go so far as to say it was legalized lust. If you are not satisfied with the one partner you are at liberty to pick another, and under this law you can certainly pick quite a number. It is opening wide the door, not to reform, but just the opposite.

In Chicago many years ago the Hearst papers carried on, at great length, a campaign against divorce, and I remember some of the cartoons placed before the people. One of these cartoons showed a child, with the father on the one side and the mother on the other, each holding on to its hand, all of them distressed. Divorce would not be so bad if it affected only the man and the woman who enter into this most sacred contract, a contract more sacred than any law that any country can ever write. What is the contract? It is a pledge of honour, the man to the woman, and the woman to the man, for better or for worse, in sickness or in health, no matter what the world may say, no matter what enemies, innumerable as they may be, may say, that "We two and our offspring will stand together, and the one will defend the other as long as life lasts."

Some people will say this is a Catholic point of view. It is not only a Catholic point of view; it is a Christian point of view. I do not like to enter into anything that savours of a religious controversy. In my young days I engaged in political discussion by the hour and by the week, and often wasted my time on it, but I always tried to keep away from religion. I am a Catholic who has lived in a Protestant community all the days of his life, and I may say that the Protestants have always treated me as fairly as I deserved. I have nothing against the Protestant population or against my neighbours; they have always treated me fairly; but I am opposed to this thing on the principle of the teachings that I received at my mother's knee, and I am not going back on that now.

It is said that the four greatest wits Ireland ever produced—and Ireland is the only country that ever produced anything worth while—

Some Hon. SENATORS: Oh, oh.

Hon. Mr. MOLLOY: —were Curran, Swift, O'Connell and Father O'Leary. Dean Swift, a Protestant clergyman, in his rambles in Ireland was overtaken one day by a very severe electrical storm, and took refuge under an oak tree. While he was there a young man and a young woman approached and also took shelter. They recognized Dean Swift as a minister of the Gospel. They were somewhat in a hurry. I might say that nowadays we are quite accustomed to the term "shotgun marriage." It simply means that the girl is in a hurry and the man knows why.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. MOLLOY: We might as well be plain about it. Everybody knows what it means. The hyprocrites will say this shocks them. I hope it does.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. MOLLOY: Anyway, these two young persons recognized the clergyman and said they wished to be married. Dean Swift said, "All right, I will marry you," and he married them under the tree. When the ceremony was over they asked him for a certicate. He said, "Certainly," and he took a leaf out of his note-book and wrote this:

Under an oak in stormy weather
I joined this rogue and wench together,
And none but He who rules the thunder
Can put this rogue and wench asunder.

But not so with the Senate of Canada! Not so!

Some Hon. SENATORS: Oh, oh.

Hon. Mr. MOLLOY: Well, I prefer the statement and the signature of that Protestant divine, whose name will live in British history as long as history is written, to any divorce law that the Senate of Canada has passed or ever will pass.

I shall vote against this Bill, and I shall do it enthusiastically.

Hon. P. E. BLONDIN: Honourable members, I shall vote against the Bill for obvious reasons, and I would fight tooth and nail, if necessary, against any attempt to encroach upon provincial rights in this matter. I shall vote against the amendment, because I refuse to be drawn by anything of that kind into a position from which it might be concluded that I am accepting the principle of the Bill.

Some Hon. SENATORS: Question!

The proposed amendment of Hon. Mr Hughes was negatived.

The motion of Hon. Mr. McMeans was agreed to on the following division:

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The Bill was read the third time, and passed.

UNEMPLOYMENT AND AGRICULTURAL ASSISTANCE BILL

CONSIDERED IN COMMITTEE

On motion of Hon. Mr. Dandurand, the Senate went into Committee on Bill 105, an Act to assist in the alleviation of Unemployment and Agricultural Distress.

Hon. Mr. Léger in the Chair.

Sections 1 to 12, inclusive, were agreed to.

The preamble and the title were agreed to.

The Bill was reported without amendment.

THIRD READING

On motion of Hon. Mr. Dandurand, the Bill was read the third time, and passed.

CANADIAN NATIONAL RAILWAYS REFUNDING BILL

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 107, an Act respecting the Canadian National Railways and to provide for the refunding of matured, maturing and callable financial obligations.

He said: Honourable senators, the purpose of this Bill, which is a short one, is explained by its title. In 1935 Parliament authorized the Governor in Council to provide for the refunding of matured and maturing obligations of the Canadian National Railways, and voted for this purpose a sum not to exceed two hundred million dollars. In reply to some remarks by my right honourable friend yesterday I said that that amount had been exhausted except for about $7,000,000 or $8,000,000. The object of this measure is to give the Governor in Council power, as stated in section 2, to:

> provide for the refunding of matured, maturing and/or callable stocks, notes, obligations, bonds, debentures and other securities of the Canadian National Railway Company and/or of any one or more of the other companies comprised in Canadian National Railways, as defined in chapter ten of the Statutes of Canada, 1929, and/or of any company or companies controlled through stock ownership by any company comprised in Canadian National Railways.

Right Hon. ARTHUR MEIGHEN: The honourable leader has probably forgotten that yesterday I asked if he would be in a position to say why we have these recurrent bills, and why it is not in the public interest to have one bill blanketing the entire authority so that obligations of the Canadian National Railways could be looked after in future with the same plenary powers on the part of the Government as are the obligations of the Dominion itself. I want to be understood as saying, not that there is no good reason for the present practice, but just that I do not know what the reason is.

Hon. Mr. DANDURAND: After my right honourable friend had put his question yesterday I asked the Minister of Finance about the matter, and he told me he would have been inclined to ask for a larger vote in order to be able to proceed, in due time, to make such refundings as become possible at the maturity of obligations, but that he had simply followed the practice of his predecessor, who in 1935 asked for authorization for the $200,000,000. He has intimated his desire to

come back to Parliament, whenever the occasion arises, with a measure along the lines of the suggestion made by my right honourable friend. He was not sure that the request for a larger amount would be welcomed by Parliament, but because of that suggestion he may gather more---

Right Hon. Mr. MEIGHEN: Courage.

Hon. Mr. DANDURAND: Yes, and ask for a larger sum next time.

Right Hon. Mr. MEIGHEN: I earnestly hope he will not get too far away from the path of his predecessor in office, which he has been following.

Hon. Mr. DANDURAND: Along these lines.

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

THIRD READING

On motion of Hon. Mr. Dandurand, the Bill was read the third time, and passed.

FARMERS' CREDITORS ARRANGEMENT BILL

SECOND READING

On the Order:

Second reading of Bill 25 an Act to amend the Farmers' Creditors Arrangement Act, 1934.

Hon. Mr. DANDURAND: Honourable senators, I have asked Hon. Mr. Farris to kindly take charge of this Bill, and he has consented to do so.

Hon. J. W. deB FARRIS moved the second reading of the Bill.

He said: The last time I had occasion to discuss the original Act I argued very strenuously before the Privy Council that it was ultra vires. I do not know whether that has anything to do with my being asked to discuss this Bill to-day.

It seems to me that the amendments meet with unanimous approval because on the one hand they make more effective the provisions of the Act, and this ought to satisfy those who are in favour of its principle, and on the other hand they provide for the termination of the operation of the Act in any of the provinces.

Section 1 re-defines "creditor," in order to include in the term the relationship of mortgagor and mortagee where there has been a conveyance of property subject to a mortgage. If property is mortgaged by A to B in consideration of, say, $5,000, A has an equity of redemption in the property. He then sells the property to C, subject of course to the mortgage. C is a farmer in an insolvent condition within the meaning of the Act. The Court of Appeal in Ontario ruled that as between C and B there is no relationship of debtor and creditor, there being no privity of contract between them, and in these circumstances the board has no jurisdiction. I understand that in Ontario and in Manitoba, but not in Saskatchewan, a large number of orders had been made before that decision was handed down. In Saskatchewan there are some 3,000 applications where this question is involved. The purpose of the amendment is simply this, that where A has mortgaged his farm and then has sold that farm to C, a farmer who finds himself unable to carry on and pay his debts in full, C will be able to come before the board and have a composition or arrangement made which will govern that mortgage, although there never had been any privity of contract between the holder of the property and the mortgagee.

The other two subsections, Nos. 2 and 3 of section 1, provide for retroactive application of that provision. I have checked up the progress of this Bill in the other House and find these provisions were not in it originally, but the discussion there led to what seems to me to be a very logical conclusion—that all cases which had already been reviewed and rejected should be dealt with in the same way as new proposals under the scheme.

I understand that in some cases an application has been made and the board has refused to consider it, because of the ruling of the Ontario Court of Appeal to which I have referred. In other cases, which had come before the board prior to that ruling, orders had actually been made. It seems to me that in order to ensure uniformity of practice in all the provinces the provision should be made retroactive in its effect. It is, of course, retroactive only within the field and the time provisions of the original Act.

Section 2 defines "proposal" and requires, I think, no explanation.

Section 3 repeals old subsection 3 of section 2, which is now covered by the new clause 5.

Section 4 introduces an important amendment. It provides that in case of the death of a farmer his legal representative may apply to the board and submit a proposal, provided that a member of the deceased person's family is to carry on the work of the farm. On the next page there is a definition of "member of the family." It reads:

"member of the family" means a parent, or a widow or widower, or a brother or sister, or a child of the decedent.

One recalls the principle of the original Bill, which was to enable farmers to remain on the land, in the public interest, in cases where they were for the time being in insolvent circumstances. The provisions of this amendment are limited to cases where the farmer was insolvent at the time of his death and had already made application for a scheme, or, because of his condition, would have been in a position to make the application if death had not supervened. In those limited circumstances, if the person who is to succeed him on the farm is a member of his family, the board can make the same provision as could have been made if the farmer had not died.

Section 5 is in substitution for subsection 3 of section 2 of the Act. It provides in a readjusted form for the same matter as was dealt with in the clause to be repealed. If a farmer succeeds in having an order made under the original Act, and then he does not carry out the order, and the board decides that the reason he has not carried it out is not beyond his control—putting it in the form of a double negative—in such circumstances the arrangement or composition may be cancelled. If it is cancelled, then the farmer shall be deemed to have committed an act of bankruptcy under section 3 of the Bankruptcy Act. Honourable members will recall that originally the Bankruptcy Act did not apply to farmers who are actually working on the land. The principle of this amendment, which is merely a modification of the original section, is simply this, that where a farmer has invoked the Act and has brought about a composition by an order of the board, and then has failed to carry it out, and can offer no proper excuse for not carrying it out, not only is the composition annulled, but he then has committed an act of bankruptcy.

Right Hon. Mr. MEIGHEN: I ran over the Bill very rapidly some time ago and have not read it since. Does it provide that thereupon the farmer becomes subject to the Bankruptcy Act right through?

Hon. Mr. FARRIS: Let me read what it says. This is subsection 2 of section 5:

> In any case where the Court has annulled the composition, extension of time or scheme of arrangement as provided in the next preceding subsection, the farmer shall be deemed to have committed an act of bankruptcy within the meaning of section three of the Bankruptcy Act and Part I of the Bankruptcy Act shall notwithstanding section seven thereof apply to such farmer.

Right Hon. Mr. MEIGHEN: Oh, yes.

Hon. Mr. FARRIS: I can see nothing objectionable in that, because, after all, he brings the situation on himself. It is only in case it has been determined that he is in default in not carrying out an order of the board that this provision applies.

Hon. Mr. ASELTINE: Does that not change the law of bankruptcy, which provides that a farmer cannot be forced into bankruptcy?

Hon. Mr. FARRIS: It changes the law to the extent of this provision. But it is not a new provision. Let me call the honourable gentleman's attention to the old provision, which reads as follows:

> In any case where the affairs of a farmer have been arranged by a proposal approved by the Court or confirmed by the Board as hereinafter provided, Part I of the Bankruptcy Act shall notwithstanding section seven thereof thereafter apply to such farmer but only failure on the part of such farmer to carry out any of the terms of the proposal shall be deemed to be an act of bankruptcy. Provided that such failure shall not be deemed an act of bankruptcy if, in the opinion of the Court, such act was due to causes beyond the control of such farmer.

So it is actually a modification of the Act as it has existed since 1934, without any change in principle.

Hon. Mr. ASELTINE: Although a farmer cannot be forced into bankruptcy under the Bankruptcy Act, would it not mean that if he makes application under the Farmers' Creditors Arrangement Act, and the Board of Review makes a composition or proposal, and he does not carry it out, he can be immediately declared a bankrupt?

Hon. Mr. FARRIS: With one other qualification: if he does not carry out the proposal and does not offer a reasonable excuse for failure to do so. It applies only in the case of delinquents who have no excuse to offer.

Section 6 merely changes the provision as to stay of proceedings by a creditor. Under the Act that stay was only ninety days; then, if the composition had not been completed, it was necessary to apply to a court for extension after extension. It was found to be an expensive and unnecessary provision. This amendment provides that stay of any right of action by the creditor continues until the date of the final disposition of the proposal, unless in the meantime the court has ordered otherwise. This is an obvious improvement in the routine working out of the Act.

Hon. Mr. HUGHES: Whom does the "court" mean?

Hon. Mr. FARRIS: "Court" is defined in the original Act.

Hon. Mr. HUGHES: Who is it?

Hon. Mr. FARRIS: I can quote the statute.

Hon. Mr. HUGHES: Oh, no.

Hon. Mr. FARRIS: In British Columbia it is the Supreme Court.

Hon. Mr. HUGHES: It is not the Board of Review?

Hon. Mr. FARRIS: Oh, no. I mention the Supreme Court of British Columbia because I happen to be familiar with the province.

Section 7 is a still further expansion of the operation of the Act. It enables the Governor in Council to appoint more than one board in a province. The information which has been furnished me is that in certain provinces, particularly in the West, because of the number of applications it has been found definitely necessary to provide additional boards to carry on the work.

Section 8 deals with the other side of the picture as I outlined it in the beginning. It provides as follows:

> On and after a date to be fixed by proclamation of the Governor in Council, no new proposal shall be made or filed by any farmer or accepted by any Official Receiver in any province in respect of which the said proclamation is issued.

In other words, the Government by Order in Council may at any time terminate the operations of this Act in any one of the provinces.

Right Hon. Mr. MEIGHEN: That is on the request of the province?

Hon. Mr. FARRIS: My right honourable friend may be right as to that, but so far as this amendment is concerned that is not so. I take it that the responsibility for terminating the operations of the Act rests entirely with the Federal Government.

Hon. Mr. DANDURAND: I think so.

Hon. Mr. FARRIS: I think there was some discussion in the House of Commons on that question. So far as I have studied it it is definitely the responsibility of the Government of Canada.

I move the second reading of the Bill.

Right Hon. ARTHUR MEIGHEN: Honourable senators, I was not expecting the Bill would be presented for second reading today. I thought we were going to get through our work as soon as possible in order that the Special Railway Committee might be reconvened. Therefore I am not as familiar as I ought to be with the Bill, and do not intend to discuss it as if I were.

What I rise to say now—and it is appropriate to say it on the second reading—has to do with the old Act rather than with these amendments. I do not know that I have objection to any particular amendment. I was rather disappointed, though, for I thought the main purpose of the Bill was to point the way to the termination of the whole farmers' creditors arrangement policy. I do not see very much in the amendments designed to that end.

I was a member of the Government which presented to Parliament the measure now being amended. Indeed, I had charge of it, of course, in this House. At that time I could not see any reason in principle why there should be a distinction between the farmer's position in the event of bankruptcy and the position of a merchant or other business man, and I commended the Bill to this House sincerely and conscientiously and as well as I could. I have not been able to watch the working of the Act as closely as one should if one is to speak dogmatically, but I have had some association with it, and I frankly say I have changed my mind almost diametrically with respect to the whole measure. I do not believe it is possible and proper and defensible to legislate with respect to the bankruptcy of a farmer on anything like the lines on which we legislate with respect to the bankruptcy of a merchant or man of business; and it is because of the distinction that the consequences which I have seen, and which I cannot help saying frankly I deplore, have flowed from this legislation. A farmer may be bankrupt throughout one year, in the sense in which a merchant is bankrupt, in that he cannot pay his debts in cash. In ninety cases out of one hundred it is not his fault; that is to say, the fault is more manifestly traceable to visitations of nature, for there is no occupation on earth so hazardous as farming.

Hon. Mr. HUGHES: Except fishing.

Right Hon. Mr. MEIGHEN: There is none at all. I know something about it, and no one can ever suggest that I have not sympathy with the farmer's position, particularly in the West. I have endured very much of what he has endured. But through all the decades, though the farmer may have been bankrupt one year, he may have been the next year, without any bankruptcy proceedings at all, in a condition not merely of solvency, but of comparative affluence. To treat him as a bankrupt because for one year the conjunction of circumstances has rendered him unable to discharge his maturing obligations is to take away from his creditors rights of

which they cannot be deprived on any moral grounds.

The purpose of the measure was to devise some means of keeping him on the land. That was a quite sufficient purpose. The fear was that men would be driven off and would get into the cities to take their places in relief lines, or would get out of the country. I do not feel that I can say dogmatically people have not been saved to the land by this measure, but in my judgment the number saved is very small. The creditor himself, if he is not a foolish man, if he is a man of business, will not force a farmer off land unless some better farmer can be got to do the job more efficiently.

Hon. Mr. HUGHES: Hear, hear.

Right Hon. Mr. MEIGHEN: That is something we have to keep in mind always. Therefore these cases liquidate themselves by the actions of the two parties, the farmer on the one hand and the creditor on the other. For every one of the men who has been liquidated by this measure there have been a dozen who have themselves made a deal with their creditors. I think I know something of the operation by which that is accomplished; I have done it twenty or thirty times myself; and now, in distinguishing my position from that which I took when the legislation went through, I express the view that the whole problem will work out more satisfactorily by this method than on the lines of the legislation we have to-day. I have known of cases where what has been achieved has brought about the grossest and most repellant injustices; where a man has borrowed money on land normally worth many times the amount loaned, and under emergent circumstances has got into such a position that he could not take care of his debts, and then he has got a board of review to cut down the size of the loan which he secured in good faith from someone who, perhaps, has nothing else at all. It is cut down irrespective, or in large degree irrespective, of the security behind it. Though the creditor may be ready to take the land as security, he is not allowed to do that; his security is taken from under his feet. The consequence is a spreading loss of confidence in the value of any security, and a contributing to the deterioration of debtor morale, a disease which is a veritable cancer at the heart of this country to-day. There was a time when obligations were really considered to be obligations, but that idea is becoming antiquated and old-fashioned. To-day an obligation is regarded as something that one has to devise some method of getting rid of. This is becoming more and more the public attitude, and I stand here to confess that the Farmers' Creditors Arrangement Act has contributed in no small degree to this state of mind. I am not at all criticizing the Government. The Government which put it into effect was one of which I was a member, and no one was more responsible than myself; but I should like to see the eyes of the Government directed to the termination of the Act at the earliest possible date.

We listened last session to an almost incredible recital by the honourable senator from King's (Hon. Mr. Hughes) of conditions in Prince Edward Island. With my own eyes I have seen things very little less incredible. When the honourable member is giving the facts about Prince Edward Island I am able to follow him much more intelligently than I can when he is discussing marriage.

Some Hon. SENATORS: Oh, oh.

Right Hon. Mr. MEIGHEN: I should like him to tell us something more to-day, for I do not doubt that the experiences he related have been repeated. I hope I shall not be understood as attacking the judges who are heads of these boards of review. It would seem, though, that if there is wisdom in certain of the decisions my mind must be getting astray from the principles of wisdom and judgment. However, in my public position I say we ought to direct our policy more and more to putting an end to all these extreme measures and restoring a sound and sane debtor morale. If we do not, the deterioration that is going on, though it cannot grow much worse than it is now in some cases, will become more and more universal.

Hon. Mr. DANDURAND: I was surprised to hear my right honourable friend express the opinion that in very many cases—I do not know that he did not say nine out of ten—farmers who felt the pinch on one year's operations would lean on such an Act for relief in the following year although by reason of a good crop they were back on their feet.

Right Hon. Mr. MEIGHEN: I said that in nine out of ten cases the farmer would feel his position unsafe and might be in that position for one year, but the next year his situation might be the very reverse. This applies particularly to the Prairie West.

Hon. Mr. DANDURAND: I was just coming to that conclusion. My right honourable friend was explaining the situation that prevails in the West, where the operations of the farmer are very perilous because generally he has but one kind of crop. This does not apply to the Eastern Provinces. It is very seldom that a farmer in the East is hit so

badly by crop failure during one year that he is reduced to a condition of distress. He knows that while one crop may fail, he has other crops which will pull him through.

The experience we have had of the operation of this Act leads us clearly to the conclusion that if the Act was justifiable at all, it was, strange to say, justifiable with respect to the Western Provinces, where a good crop will put a man on his feet in a year. But I think it has done considerable harm in the Eastern Provinces. My right honourable friend says, "I hope this Act will be terminated as soon as possible." I have read the debates in the other House and have observed a general consensus of opinion that the 1st of July next should be the ultimate date at which Ontario should be relieved from it. I do not know that I have heard very many representations from the province of Quebec, but I feel that the province of Quebec would follow the province of Ontario. We should then return to this situation, that if the Act could be justified at all through the experience we have had of it, it would be because it was justified in the Western Provinces.

Hon. Mr. GILLIS: How do the numbers of applications in the different provinces of Canada compare?

Hon. Mr. DANDURAND: They were, to my surprise, very great in Ontario, and as great in Quebec.

Hon. Mr. ASELTINE: Greater.

Hon. Mr. GILLIS: It was not a Western measure.

Hon. Mr. DANDURAND: It was a Western measure, and it should not have been made applicable to the Eastern Provinces, because it has affected the morale of a number of our farmers who otherwise would have pulled through.

Hon. Mr. BEAUBIEN: Hear, hear.

Hon. Mr. DANDURAND: For a hundred years they have managed to stand any yearly adversity.

I find from the debates in the other House that the Western Provinces are not absolutely ready to ask for the repeal of the Act. We passed this legislation in 1934. I think it will be gradually recalled. But from what I have learned through reading the debates in the other House I believe there is a consensus of opinion in favour of withdrawal as far as the Eastern Provinces are concerned.

Hon. W. A. BUCHANAN: Honourable members, I intend to occupy but a few moments of your time. I have had one experience with respect to this legislation in Alberta which leads me to believe that there is a very considerable number of farmers who are honest and prefer dealing with their creditors under this Act to benefiting from some of the legislation that has been placed on the Statute Book of Alberta during the past few years. I have not the exact figures with me, but I think I am right in saying that at the time some of the debt legislation, or moratorium legislation, was introduced in Alberta, a year or more ago, there were in the neighbourhood of 1,000 applications that had not been heard before the Board of Review of the province. I asked one of the members of the board how many of these applications had been withdrawn in consequence of the Alberta debt legislation. He told me—and again I am not sure as to the figures, but I think I am correct—that there were fewer than a dozen cases in which farmers had asked leave to withdraw their applications from the Board of Review and come under the legislation of the province. There is some encouragement in that. Apparently farmers who actually want to meet their obligations and make a settlement with their creditors feel that they should do so under legislation that will stand up for a time, rather than risk taking benefits that may be very enticing at the moment, but may not be permanent.

In the discussion that has taken place the right honourable the Leader of the Opposition made mention of voluntary adjustment between the debtor and the creditor. That is something that has been going on all through the depression, and the people would be amazed if they only knew the extent of the concessions made by the loaning companies in the province of Alberta, and the amount of money those companies have lost. I know of one section of the province of Alberta which, to a degree, was abandoned some fifteen or twenty years ago: I know that the loan companies had been generous in making loans in that area, and that they lost virtually every cent they loaned. The public generally is not aware of that fact, and if I had any criticism to make of the loan companies it would be that they have failed to inform the people as to the source from which they obtained their money, and the losses sustained by those who loaned it throughout the country. I doubt whether the people of the province of Alberta, where there is so much fantastic legislation at the present time, are aware that the money loaned to them by the insurance and mortgage companies is the collection of the savings of many small people throughout Canada; and if the debtors will not get out

of their heads the idea that their debts can be wiped out, so that they may live comfortably for the future, I do not know what we are in for in this country.

Right Hon. Mr. MEIGHEN: Hear, hear.

Hon. CREELMAN MacARTHUR: Honourable members, I agree with everything that has been said by the right honourable leader on the other side in respect of this vicious legislation, particularly his reference to conditions that obtain in my own province of Prince Edward Island. Last year I had on the Order Paper a motion dealing with this very subject, but illness prevented me from taking it up. The occasion is not so urgent now, because I am satisfied that the Act will be terminated so far as some provinces are concerned; and I believe that Prince Edward Island will be the first to receive the proclamation. My good friend and deskmate (Hon. Mr. Hughes) discussed this matter last year and told something of our experiences in Prince Edward Island.

In the first place, this legislation was never intended to apply to a province like Prince Edward Island. It was intended for the drought areas of the Western Provinces, but when the people discovered that it was a Santa Claus measure it became the subject of a racket. The whole countryside in Prince Edward Island has been stampeded, the Act is nothing but a joke, and the morale of the farmer has gone.

We had three men on the board down there, one of whom was a judge. If you read the discussion which took place in the other House you will see that it is questionable whether a judge should be a member of a board of that kind. We cannot criticize judges, but I may say that if we had had a good business man of some fairness and sense of equity on the board we never should have experienced the trouble we had.

I have been in close touch with the administration of this Act from its inception. The administrator of the legislation is Mr. Gordon, an expert financial man, who comes from my province, and he tells me that he has ten times as many complaints from Prince Edward Island as from all the other provinces put together.

If I had dealt with this matter last year I could have spoken for an hour and a half and told you of things that you would find it hard to believe; things contrary to common sense that have been done in the making of compositions. One of the three members of our board was supposed to represent creditors, but the three members were of one mind—they were all for the debtors, and the situation became such that creditors never bothered to appear to defend their cases, but let them go by default. One member of the board, who never had earned $5 a day, was paid $6,000. He was in favour of the farmer in every case. I am entirely in sympathy with farmers, and I know that there were a few good decisions, but I could show you twenty that were unfair for every one that was fair.

Yet we hear of letters being received by the administrator stating what a wonderful piece of legislation this is, and that its operations should be expanded. Even now, in another place, a private member is bringing in a bill for amplifying this law rather than for restricting it. As was said yesterday by the right honourable leader on the other side (Right Hon. Mr. Meighen), the whole status of recipients of relief has been changed. Farmers owing money feel that this law entitles them to come and get relief. In my younger days a man who owed money used to be expected to pay it off, even if it took him a very long time, and he had some satisfaction in doing so; but now it is a common thing for a man to say that he is entitled to be relieved of his debts. A big merchant who had some 106 cases adjusted, every one to his detriment, told me he had been speaking with a man who was solvent and in good condition, but who said he was going before the board. The merchant said to him: "Why are you doing that? You are solvent." And the man replied, "Yes, but I have not made any money on my farm this last year or two. The law gives me the right to go before the board, doesn't it?" That is the prevailing idea, that there is a legal right.

Hon. Mr. HUGHES: Yes, that is the idea.

Hon. Mr. MacARTHUR: On the board in Prince Edward Island there was no one representing creditors; so the administration became a racket, and the board was known as "the Soviet Government." I can tell honourable members that unless this Act is made inapplicable to our province by the first of July there will be a great deal more said about it. New Brunswick does not want this Act and other provinces do not want it. It is emergency legislation, which has outlived its usefulness.

Right Hon. Mr. MEIGHEN: Hear, hear.

Hon. Mr. MacARTHUR: Just compare the situation in our province with that in Nova Scotia. In that province the population is six times as large, and yet there were not nearly so many cases as in Prince Edward Island.

Hon. Mr. HUGHES: One-fifth of the number.

Hon. Mr. MacARTHUR: Apple growing, for instance, is a branch of farming which for some reason or other has been suffering hard times for some years in Nova Scotia, yet we find that the cost to the country for the operations of the Act in that province has been relatively very small. I asked the administrator how this remarkably good showing of Nova Scotia, as compared with Prince Edward Island, could be accounted for, and he said: "Well, part of the result is due to Judge Hall, a member of the board. Many a farmer who made application for a composition was spoken to very plainly by the Judge. He would say: 'Your father would turn over in his grave if he knew you came here and tried to get rid of liabilities for your obligations. Get rid of your car, instead, and work as hard as you can and pay off your honest debts.'" That is the kind of attitude that should have been displayed in Prince Edward Island, but it was not. The three members of the board there would take a stand for the farmer from the drop of the hat every time. So, as I say, proceedings under the Act became a racket. I want to say again that if the Act is not made inapplicable to Prince Edward Island very soon, a great deal more will be heard from representatives of that province.

Hon. C. P. BEAUBIEN: Honourable senators, as a resident of the province of Quebec I wish to add a few words in an effort to induce the honourable leader of the House (Hon. Mr. Dandurand) to impress upon the Government the necessity of repealing this legislation as quickly as possible. In years gone by we suffered from the activities of a species of trustees or liquidators who called upon merchants and induced them to abandon their property and settle their debts by paying a small proportion of the amounts they owed. That became a well recognized procedure in our cities. But our rural residents, the farmers, still commanded the respect of creditors. I do not think there was any province in the Dominion whose farmers had a higher reputation for morale and for their attitude towards financial obligations than the farmers of the province of Quebec. But what is happening to-day? Everybody knows that the racket that was played in the city has spread into the country, and that certain people have gone about industriously persuading farmers that instead of paying their debts in full they should invoke this law and have a composition made. And because many farmers have responded to this appeal our rural people have lost their credit.

Hon. Mr. MacARTHUR: Hear, hear.

Hon. Mr. BEAUBIEN: My honourable friend the leader of the Government (Hon. Mr. Dandurand) knows that. A few years ago a farmer had no difficulty in obtaining credit from a loan company on the security of his farm. Indeed, it was not necessary for him to go to a loan company; all he had to do was to go to the nearest village, where he could borrow from his friends; and, if unable to pay his interest at the agreed time, he could always arrange for an extension. The treatment meted out to him was not harsh, because the creditors trusted him, and rightly so.

But to-day the situation is changed. The three members of the board under this Act have often gone to serious excesses. In many instances they have not respected mortgages for instance: they have treated mortgage debts as they would any other, and reduced them to fractions of the original sums. What is the result? Farmers no longer lend to one another, and they are unable to get credit from loan companies. Let the honourable leader make an investigation into the province of Quebec and find out how many loan companies are ready to make loans to farmers now. As we know, the Provincial Government has had to enter the loan field, to make money available to farmers, because they could not get it from any other source.

To my mind this is a disastrous law. Its application is very often iniquitous to creditors, and certainly has been most damaging to the farmers themselves. Not only are the farmers of my province unable to get credit, but, I am sorry to say, their reputation in financial matters has suffered.

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

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

THE SENATE

Thursday, May 19, 1938.

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

Prayers and routine proceedings.

PRIVATE BILLS

THIRD READING

On motion of Hon. Mr. Haig, Bill B2, an Act to incorporate The Workers Benevolent Society of Canada, was read the third time, and passed.

REPORT OF COMMITTEE

Hon. Mr. TANNER presented the report of the Standing Committee on Miscellaneous Private Bills on Bill I2, an Act to incorporate The Roman Catholic Episcopal Corporation of Hudson's Bay, and moved concurrence therein.

He said: The amendment is merely a clerical correction in clause 2, where, after the word "now," the committee has inserted the words "or hereafter." The clause now reads:

All lands, tenements, hereditaments and property, real and personal, now or hereafter belonging to and used—

and so on.

The motion was agreed to.

THIRD READING

On motion of Hon. Mr. Tanner, for Hon. Mr. Côté, the Bill, as amended, was read the third time, and passed.

PELAGIC SEALING (CONVENTION) BILL

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 98, an Act respecting the North Pacific Pelagic Sealing Convention.

He said: I would direct the attention of honourable senators to the explanatory note, which reads:

This treaty was signed on July 7, 1911. Article 4 of the treaty provides that Indians and other aborigines dwelling on the coast of the waters covered by the treaty may continue to carry on pelagic sealing in canoes without the use of firearms. The legislation adopted at the time—the Pelagic Sealing Act—contains no provision whereby such Indian or other aborigine could be penalized for violating this provision of the treaty. Also, the existing Act is linked up with Imperial legislation, as, at the time it was adopted, Canada was not a treaty-making power. Canada is now in fact responsible for carrying out the provisions of the treaty and it was considered best, instead of amending the existing Act, to replace it by adequate enabling legislation.

I should perhaps give a short statement of what the treaty has effected so far. The treaty has already proved its efficiency. The purposes which it is intended to serve are being achieved. There are three distinct herds of fur seals in the northern Pacific. By far the largest is the North American herd, which has its breeding places on the Pribilof Islands in Behring Sea, off the coast of Alaska. On the Asiatic side was a herd which in years gone by was larger and which had its breeding places on the Commander Islands in Behring Sea, off the cost of Siberia. The third herd is the Japanese herd, which has its breeding place mainly on Robben Island, off the northern portion of Japan.

When the United States purchased Alaska, in 1867, the American fur seal herd was estimated to contain between three and four million animals. After the acquisition of Alaska the United States leased the sealing privileges to a company which for years took 100,000 seals per annum on the Islands, without detriment to the herd. As seals are highly polygamous and as in a herd the number of males and females born each year is about equal, a large proportion of the young male seals may be removed each year, not only without detriment, but with distinct advantage to the herd.

The seals leave the Islands in the fall of each year and make their way off the coast southward until they reach a point about opposite Southern California. They then turn back towards the Islands, the major number travelling distances from twenty to sixty miles out from the coast, with a scattering number nearer the shore.

When, in the early eighties, it became known that there was money to be made out of fur sealskins, pelagic sealing developed on the United States and Canadian Pacific coast. In pelagic sealing no selection of the animals killed can be made, and as the mother seals returning to the Islands to have their young travel more slowly and sleep more, they are more easily captured. Hence in pelagic sealing the large proportion of the seals taken were females with young. This method of sealing is destructive. When it became intensive, the seal herd began to diminish. Later on, Japanese sealing vessels largely engaged in the industry. The net result was that by the time the treaty became effective the American seal herd had been reduced to about 135,000 animals. Pelagic sealing had largely disappeared, only a few of the original fleet of sixty-four Canadian vessels being left in the industry.

Under the protection afforded by the treaty, the herd began rapidly to increase, and killing, mainly of three-year-old males on the Islands, was resumed in 1918. The number taken each year is increased in accordance with the increase in the herd. This herd now numbers about 1,839,000. The number taken on the Islands last year was about 60,000, Canada's share being 8,277. The net amount in cash received by Canada for the sale of its share of skins since the treaty became effective, up to the end of last December, was $1,493,540.71, made up as follows:

From United States skins..	$1,439,785 54
" Japanese skins.	15,890 42
" Russian skins.	4,835 04
" seized skins.	163 55
Exchange.	32,866 16
	$1,493,540 71

In addition, the Indian coast catch in 1936 was 1,888, and in 1937 it was 2,671 skins.

The United States delivers Canada's share of the skins at Seattle without charge. They, for a number of years past, have been shipped to London for dressing and dyeing. They are sold there.

The Russian situation is really a matter of External Affairs. It concerns us also. Briefly, the situation is that until 1925 we were receiving from Russia, from year to year, fifteen per cent of the skins taken on its islands, as provided for by the treaty. Since that date Russia has not been co-operating. There has been considerable correspondence on the subject through the Department of External Affairs. All we can say is that we do not know what is being done on the Russian islands. We are receiving no returns therefrom if a seal herd still exists there. Russia, however, has not been carrying on any pelagic sealing.

With regard to any contention that the growing seal herd is a menace to our salmon fisheries, it is explained that for two years investigations were carried on by both Canada and the United States. The Canadian investigations were under the direction of Dr. Clemens, who is in charge of the Biological Station at Nanaimo, and consisted of examination of the stomach contents of fur seals taken off the west coast of Vancouver Island in April and May, 1935. This examination showed that salmon forms only a small part of the diet of fur seals during the time the herd is migrating northward past the British Columbia coast. In all, 593 stomachs were secured for examination. One hundred and ninety-three were found to contain food and the remainder were empty. Only 14 contained remnants of salmon and these were from stomachs taken after the beginning of May, by which time the major portion of the migrating herd had passed by our coast. Herring particles were present in the stomachs far more often than any other kind of food, and were found in 177 cases. Remnants of crustacea occurred 147 times. Next in order of frequency of occurrence came the oulachan, found in 30 stomachs, squid in 21 stomachs, salmon, as already stated, in 14 stomachs.

The result of the examination supports the view that seals take as food whatever is most readily available. For instance, salmon are not in evidence in any appreciable quantity in the early months of the year, and the stomachs taken in April showed no evidence of salmon. In May, although the bulk of the seal herd has passed by, the salmon are somewhat more plentiful and the seals remaining are apparently feeding to a small extent upon them. By the first of June only the odd straggler of the seal herd remains, and it is not until then that the main salmon runs are coming into evidence.

I do not know whether these explanations are interesting to honourable members.

Right Hon. ARTHUR MEIGHEN: I have listened with deep interest to the honourable leader's explanation, not so much of the Bill as of the pelagic sealing industry. I was rather disappointed, though, at the figures for the American herd, the one with which we are really concerned. I had understood that it had recovered almost to the dimensions which existed before pelagic sealing commenced. In fact, I think I gave information of that kind to the House some four or five years ago. I wonder if the fact is that there has been a diminution lately. If that is so, I presume it is due to lack of co-operation by Soviet Russia, and it would seem unfortunate that nothing can be done.

As regards the Bill, I have read it with great care. It is an attempt to ratify now, after twenty-seven years, a treaty made by Great Britain, Japan, Russia and the United States, governing the whole subject of pelagic sealing in the Pacific. In the meantime we have got along with a very short measure passed in 1913, implementing as respects Canada the provisions of a British Order in Council providing for the enforcement of the treaty. Now we are establishing authority for enforcement by Canada, and this is no doubt what ought to be done.

Aside from the facts underlying the whole industry of pelagic sealing, there are certain features of the Bill which seem to me to require some attention, and they are of so detailed a character that I think they could be better considered in committee. I hesitate to suggest a reference to the committee on Banking and Commerce, to which a similar measure went some years ago, because a number of members of that committee are also on the Special Railway Committee. But we could send it to another appropriate committee for consideration. The features I have in mind are those upon which our Law Clerk has made some comments, which I have read. To some of them he attaches importance, and I think rightly so. In the light of his com-

ments, the Bill probably could be improved by that committee.

Hon. Mr. DANDURAND: Our Law Clerk studies all the measures that come before us. I have examined his apt comments upon the present Bill. As to its form, he has made little criticism, except with respect to section 6. He does criticize the definition of "equipping" in section 2, but I believe that this definition can stand as it is. I think the Law Clerk would agree with me on that, though I have not discussed it with him.

Right Hon. Mr. MEIGHEN: The main criticism is as to clause 3.

Hon. Mr. DANDURAND: Yes.

Right Hon. Mr. MEIGHEN: Very vigorous exception is taken to the importation into this measure of a number of sections of another Act, especially with the presence of this phrase "in so far as applicable."

Hon. Mr. DANDURAND: Yes. I was just coming to that clause. The Law Clerk has expressed the opinion that if we desire to apply sections of other statutes they should be incorporated in the Bill itself. I appreciate the soundness of his view. I suggest that we send the Bill to a committee for the purpose of embodying therein whatever clauses of the Customs and Fisheries Protection Act are deemed necessary.

Our attention has been drawn to the fact that in section 6 only the word "port" occurs, whereas the convention says "port or harbour." I think we should add the words "or harbour."

When the Bill is given second reading I shall move that it be referred to a committee.

Hon. Mr. BEAUBIEN: Will my honourable friend be kind enough to supplement the very interesting information he gave us by stating whether Canada shares only in the Canadian herd, and how the division is made under the present treaty?

Hon. Mr. DANDURAND: We might go into that when the Bill is in committee, or on the motion for third reading.

Hon. Mr. BEAUBIEN: Right.

Right Hon. Mr. MEIGHEN: There is another point. It is not mentioned by the Law Clerk, and I may be wrong in my understanding of the Bill in this respect. Section 6 provides that if any person, other than an Indian—and his rights are abbreviated too—uses any port within Canada for the purpose of equipping any vessel intended to be operated or used for any purpose whatsoever connected with the operations of pelagic sealing in convention waters, he shall be guilty of an offence and liable upon indictment to all sorts of things. That is to say, you cannot equip a vessel in any Canadian port for pelagic sealing in Canadian waters. Section 9 provides:

> No national or inhabitant of Canada shall engage, and no vessel registered in Canada or belonging to any such national or inhabitant shall be operated or used, in killing, capturing or pursuing sea otters in convention waters beyond the distance of three miles from the shore line of the western coast of Canada.

How are they to get any of these animals within the three-mile limit unless they equip a vessel for the purpose? They cannot wade out there. If you are allowed to hunt within the three-mile limit, why are you not allowed to equip a vessel for the purpose? I mention this because I am not on the standing committee and shall not have an opportunity to deal with it there. Why should a Canadian be forbidden to equip his vessels in Canadian waters?

Hon. Mr. KING: I think only our Indians are allowed to engage in such operation within the three-mile limit.

Right Hon. Mr. MEIGHEN: But we can capture sea otters within that limit. As I said before, you cannot wade out to hunt within the three-mile limit; you must have a vessel.

Hon. Mr. KING: The Indian goes in his canoe.

Right Hon. Mr. MEIGHEN: You cannot even equip a canoe.

Hon. Mr. DUFF: Clause 9 refers to catching sea otters and seals outside the three-mile limit. If I equip a vessel on the British Columbia or Nova Scotia coast, so long as I capture those animals outside the three-mile limit the law of Canada does not apply unless there is an international convention. I should like to know whether there is an international convention. Otherwise, I submit, our people would not be subject to this law outside the three-mile limit. There our nationals have the same rights as the nationals of any other country.

Hon. Mr. DANDURAND: I am afraid I am a little at sea.

Hon. Mr. DUFF: I think the honourable gentleman is within the three-mile limit.

Hon. Mr. DANDURAND: When the Bill goes to committee an expert from the department will give all necessary information. Of course, on motion for third reading any

senator is entitled to information, and at that stage I shall be prepared to answer any questions now put to me.

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

REFERRED TO COMMITTEE

On motion of Hon. Mr. Dandurand, the Bill was referred to the Standing Committee on Commerce and Trade Relations.

NORTHWEST TERRITORIES BILL

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 110, an Act to amend the Northwest Territories Act.

He said: Honourable senators will find this explanatory note in the Bill:

By chapter 64 of the Statutes of Canada, 1926-27, the Northwest Territories Act was amended so as to provide for the levying of a tax upon furs to be taken from the Territories. This tax was imposed by an ordinance of the Commissioner of the Northwest Territories in Council, assented to on 7th May, 1929, which provides that "no person shall export, carry or cause to be exported or carried out of the Territories, any furs, without first having obtained a permit to do so." Such permits are issued upon payment of the proper tax. There appears to be reason to believe that furs are being removed illegally from the Territories, and to enable a closer check to be made by those responsible for the collection of the tax it is proposed to authorize judges of the Exchequer Court to issue writs of assistance that will enable the persons named therein to search premises and conveyances which are believed to contain furs that have been or are being taken from the Territories without authority. The remedy suggested is similar to that provided by Parliament to facilitate the collection of excise tax.

The amendment is as follows:

A judge of the Exchequer Court of Canada shall grant a writ of assistance upon application made to him for that purpose by His Majesty's Attorney-General of Canada and such writ shall remain in force so long as any person named therein remains an officer, be the same game officer, game warden, constable or other peace officer, whether in the same capacity or not.

A writ of assistance is on a parity with a search-warrant, but it issues from a civil court. Under the Customs Act the same procedure avails.

I have before me a long memorandum on the trade in furs from the Territories, but I doubt whether it would be worth while to detain the House by reading it now.

I have under my hand the Customs Act, clauses 155 and 156 of which are in these terms:

A judge of the Exchequer Court of Canada, or any judge of any of the superior courts in any province of Canada, having jurisdiction in the province or place where the application is made, shall grant a writ of assistance upon application made to him for that purpose by His Majesty's Attorney-General of Canada or by a collector or by any superior officer; and such writ shall remain in force so long as any person named therein remains an officer, whether in the same capacity or not.

For the purposes of this section, any judge of the Court of King's Bench, in the province of Manitoba, shall have jurisdiction over that part of Canada formerly known as the district of Keewatin, and shall grant a writ of assistance for use therein, in like manner and with like effect as he might grant such writ for use in the province of Manitoba.

156. Every writ of assistance granted before the coming into force of this Act, under the authority of Acts relating to the Customs now repealed, shall remain in force notwithstanding such repeal.

Honourable members will appreciate that a writ of assistance is essential within these territories, for, as they cover so vast an area, it would be impossible to rely on a search-warrant. It is only by this preventive action that culprits can be dealt with. The representatives of the department must have in hand the authority to search all vehicles coming out, even aeroplanes, because that business is now largely carried on by that means. The places where those aeroplanes can land are limited in number, and it is there that watch is kept and search made. The person who makes the search does not know whether any violation of the Act has occurred or not, and he must have sufficient authority. It is for this reason that the Bill resorts to what is called a writ of assistance, a type of writ used regularly under the Customs Act.

Hon. Mr. BEAUBIEN: What is the purpose? Is it to control the quantity of furs taken out of the country?

Hon. Mr. DANDURAND: It is to see that no person brings out furs unless he has a licence to deal in furs or to bring them into one of the provinces. There is a closed region in which those furs can be secured, and a quite profitable business is carried on. The Government is entitled to draw some profit from the business in order that it may be compensated for the administration of that territory.

Hon. Mr. BEAUBIEN: Is there an excise tax on the furs?

Hon. Mr. DANDURAND: Yes.

Right Hon. Mr. MEIGHEN: There is a licensing system.

Hon. Mr. DANDURAND: I see that the Minister, the Hon. Mr. Crerar, gave the following explanation in the other House:

The purpose of the Bill is to enable the Government, through the Council which administers the Northwest Territories, to exercise a closer control over the export or movement of furs from the Northwest Territories to any of the provinces. Abuses in this respect have developed during the last few years on account of the increasing number of people going into the Territories and the augmented use of aeroplanes for transportation both into and out of the Territories. Trappers frequently are taken to their trapping grounds by aeroplane and are brought out at the end of the season by the same method.

In 1927 the Northwest Territories Act was amended to provide that anyone taking furs out of the Territories must obtain a permit. A year or two later regulations establishing the charge that would be levied, was passed. This corresponds to the royalties imposed by every province in Canada on the taking of furs. This method worked very well, but, as I said a moment ago, the development in aeroplane transportation has led to evasions of the tax. It is suspected that much of the fur is being taken out without the necessary fee being paid.

This Bill seeks to overcome this trouble by applying the principle applied by the Department of National Revenue in connection with excise collections. There is being added to the Act a new section, the first clause of which reads:

"A judge of the Exchequer Court of Canada shall grant a writ of assistance upon application made to him for that purpose by His Majesty's Attorney-General of Canada."

That is similar to the powers granted in connection with the administration of the Excise Act, only in that instance the writ of assistance may be secured from a judge other than a judge of the Exchequer Court. Under authority of this writ of assistance the baggage of a passenger who is suspected of bringing out furs illegally may be searched. Other provisions in the amendment deal with the disposal of the furs and the vehicle by which they are being transported. Subsection 4 provides that sections 171 to 184, inclusive, of the Customs Act shall apply. These sections would provide for the disposal of a vehicle that may be impounded.

The necessity of this provision is emphasized by the fact that there are practically only two aeroplane bases at which aeroplanes from the Northwest Territories would land. One is at Prince Albert in Saskatchewan and the other is at Cooking Lake, about fifteen or eighteen miles from Calgary. When a trapper is suspected of bringing out furs illegally, it is impossible to get a regular search warrant to authorize the search of his luggage before he gets away. Once he gets away, it is almost impossible to locate him again. Provisions of this Bill would enable prompt action to be taken.

For the information of the House I might say that the total value of the fur catch in the Northwest Territories for 1935-36, the latest figures obtainable, was $1,188,000 in round figures. In 1934-35 the value of the catch was $1,678,000. At the present time the cycle of the fur catch is low, but several years ago the value of the catch ran over $2,000,000. In 1926-27 the value was almost $3,000,000. The revenue from this fur catch amounted to $57,000 in 1938. The revenue in 1936 was $105,000, and in 1935 it reached the highest point in any single year, $146,000.

This matter has been receiving the attention of the Department of Justice, the Royal Canadian Mounted Police and the Northwest Territories Council, and they have come to the conclusion that the best method of dealing with these abuses is by means of the amendment to the Act which I am now asking the House to adopt.

Right Hon. ARTHUR MEIGHEN: Honourable members, I confess myself confused and mystified by long years of conflicting vicarious interpretations and still more conflicting vicarious practices. Though I hesitate to make the suggestion, and I shudder at the thought—for it is a terrible responsibility to name fraud—this Bill is against the principles of Liberalism.

Some Hon. SENATORS: Oh, oh.

Right Hon. Mr. GRAHAM: We can clear it up this week.

Right Hon. Mr. MEIGHEN: Honourable gentlemen have heard something about the Padlock Law, and I have heard it mentioned myself, but here is a padlock law that has all medals, belts and records. Under this law one does not even have to be accused. The Government is going to authorize its own servants, without any warrant from a judge, without any allegation before any judicial authority, to break into a man's property, and seize it, under this alleged writ of assistance, which is really a criminal writ.

Hon. Mr. DANDURAND: Not seize it.

Right Hon. Mr. MEIGHEN: Why, of course.

Hon. Mr. DANDURAND: Search it.

Right Hon. Mr. MEIGHEN: Yes. I wonder whether the leader of the Government does not think this should be referred to the Association for the Protection of Civil Liberties which has been organized in Toronto, and ornamented by the presence of a number of professors, to protect the people of Quebec from the laws of their province.

Some Hon. SENATORS: Oh, oh.

Right Hon. Mr. MEIGHEN: I think this Bill might well be submitted to that association.

Hon. Mr. DANDURAND: The association should be extended to protect my right honourable friend and myself. When landing at Quebec I have seen representatives of the Government demanding our keys for the purpose of opening our trunks and seeing what was in them.

Right Hon. Mr. MEIGHEN: That is a long way from a writ of assistance. This is just an exemplification of an attitude of mind that always grows upon a public official. He says: "Give me all sorts of authority. Give me authority to get into any man's house, to search any man's property. I may not have the slighest reason for doing so, but I want the authority anyway. And I want to padlock his property afterwards, and when the padlocking is all done we shall determine his rights." Really, this is a subject for the Association for the Protection of Civil Liberties, and I invite the professors to get to work on it.

Hon. Mr. DANDURAND: I hope my honourable friend will not sit down before giving a better alternative for the protection of the treasury.

Right Hon. Mr. MEIGHEN: I do not know that there is one here, or at Montreal or Quebec, but I know the sort of conduct is exactly the same in all three cases.

Hon. Mr. DANDURAND: If my honourable friend will allow me, I simply want to draw his attention to a situation 2,000 miles away.

Right Hon. Mr. MEIGHEN: But liberty is universal.

Hon. Mr. DANDURAND: It is. But on the wharves at our ports I see customs agents examining down to the very bottoms of our trunks—

Right Hon. Mr. MEIGHEN: Yes.

Hon. Mr. DANDURAND: —to find out whether we have anything that should be declared. I am not severely shocked at the thought of Government representatives on the borders of the Northwest Territories having writs of assistance to enable them to look into aeroplanes and other vehicles to see if there are furs there.

Right Hon. Mr. MEIGHEN: On the same principle, would the honourable gentleman tell us his reaction to the padlock law?

Hon. Mr. DANDURAND: Well, I will not be drawn into that.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. COTE: Do I understand that these officials will have this permanent blanket search warrant?

Hon. Mr. DANDURAND: Yes.

Hon. Mr. COTE: They cannot seize?

Right Hon. Mr. MEIGHEN: Of course they can.

Hon. Mr. DANDURAND: Yes.

Hon. Mr. COTE: As I read the Bill, it refers not only to furs, but to anything the transportation of which is prohibited, and subsection 3 covers not only the prohibited article, but also the vehicle or conveyance.

Hon. Mr. DANDURAND: Yes.

Hon. Mr. COTE: They can seize the aeroplane. As the leader of the Government explained a moment ago, there are only two places for aeroplanes to land, and only two lines operating. I suppose the amendment is directed against them; and under the authority of this subsection, if passed, the officer, as I said before, can seize not only furs—which are not mentioned in the Bill—but also the aeroplane of the stranger.

Hon. Mr. MURDOCK: Can they not do that now in the case of the customs? They can seize an automobile or an aeroplane as well as the things illegally brought into the country.

Hon. Mr. COTE: I am not saying they cannot. I had understood they could not.

Hon. Mr. DUFF: Only the people who own the conveyance know whether there are smuggled goods on board.

Hon. J. A. CALDER: Honourable members, the principle in both cases, as I see it, is exactly the same. Not very long ago a member of Parliament told me of an incident that occurred in Great Britain. He had been over in France. On his return he was dropped at Dover and went through the customs. He was asked if he had anything dutiable. He said no. The official examined his valise and found a bottle of cologne, and the finding of that bottle of cologne delayed this gentleman to such an extent that his arrival in London was retarded about six hours. That officer had the right to search. For what purpose? To collect duty. It is the same in Canada. Dutiable articles of all kinds come into Canada, and our officers must necessarily have the right of search in order to see that people are not contravening the law.

Now, what is the situation so far as furs are concerned? In the old days it was not easy to bring furs south and dispose of them, and it took a long time. But to-day trappers in large sections of the Northwest Territories are in touch with fur traders and can load a cargo worth one or two thousand dollars overnight, or in half an hour, and have it swished away to an air-port. The whole thing is done in almost no time.

As I understand it, there is a royalty on these furs. I think that a royalty is charged in all the Western Provinces: Manitoba, Saskatchewan and Alberta. Men who trap and sell furs have to make a report to the Government of all the furs they handle, and severe penalties are provided for failure to do so. Exporting can be done only by persons who have permits. Back of all this is protection of the fur business: that is the main object, for the amount of revenue that the Government can collect from this source is very small. Naturally, some people endeavour to escape paying the royalty. So it is desired to provide means of making certain that the royalty is paid, just as there are means of making certain that customs duties are paid. From what I can see, no more authority is given to officers under this Bill than has for many years been exercised by our customs throughout Canada.

Hon. Mr. DANDURAND: I may say that the three Western Provinces are welcoming this measure as a protection for themselves.

Hon. J. E. SINCLAIR: The matter of writs of assistance has been a live one for many years. Officers of the Department of National Revenue are clothed with these writs. We have had cases in the eastern provinces where provincial officers wished to be clothed with the same authority, but this was refused them, and I think rightly so. Now, I should like to ask the honourable leader if this measure proposes the granting of writs of assistance to others besides officers of a department of the Federal Government.

Hon. Mr. DANDURAND: To officers under the department's control, I understand.

Hon. Mr. SINCLAIR: That would probably include officers of the Mounted Police?

Hon. Mr. DANDURAND: Yes.

Hon. Mr. SINCLAIR: It seems to me that when a judge of the Exchequer Court grants a writ of assistance to an officer, under this Bill, it may be used for other purposes than checking up on the fur business.

Hon. Mr. DANDURAND: I surmise that these writs of assistance would be granted simply for the protection of the federal treasury; that they would be given only to officers for the purpose of making searches to find out if furs were being illegally exported from the Northwest Territories.

Right Hon. Mr. MEIGHEN: I do not want to belabour the thing further, except to say that our Law Clerk draws a clear distinction between this measure and what the honourable leader (Hon. Mr. Dandurand) describes as corresponding powers given to customs officials. The Law Clerk has frequently made an argument as to the hazard in importing into one measure whole pages of another statute, mutatis mutandis, and in this instance he has made that argument with more emphasis than I have before noted.

Hon. Mr. DANDURAND: I am in agreement with him on that point.

Right Hon. Mr. MEIGHEN: I think the honourable leader would be well advised to have this Bill referred to an appropriate committee, for the purpose of seeing whether it cannot be put into such form as to remove all ground for that criticism. Of course there are bills into which provisions of other statutes can be imported mutatis mutandis, but the practice of making applicable by mere reference in one Act certain sections of another Act which is not at all akin is a very bad one and we should reduce it to the minimum. Unless we do this our legislation will fall into a chaotic state.

Hon. Mr. DANDURAND: I have already suggested to the department that its legal adviser get into contact with our Law Clerk, with a view to curing that defect in this Bill.

Hon. Mr. CALDER: Honourable members, in reading this proposed new subsection 2 of section 39A, I find it refers not only to furs. I imagine it would apply to liquor and all kinds of things. Subsection 2 says:

> Under authority of such a writ of assistance the person named therein may enter . . . any place . . . in which he has reason to believe there exists any thing the shipment or carriage whereof from the Territories is prohibited conditionally or otherwise by any Act of Canada or Ordinance of the Territories, and may search for any such thing and may seize any such thing there found.

Hon. Mr. DANDURAND: My attention is drawn to the fact that the explanatory note refers to furs only. Those are what the department is concerned about.

Hon. Mr. CALDER: That section could apply to anything the export of which from the Territories is prohibited. It does not apply to imports.

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

FARMERS' CREDITORS ARRANGEMENT BILL

CONSIDERED IN COMMITTEE

On motion of Hon. Mr. Farris, the Senate went into Committee on Bill 25, an Act to amend The Farmers' Creditors Arrangement Act.

Hon. Mr. Duff in the Chair.

On section 1, subsection 1—interpretation, "Creditor":

Hon. J. J. HUGHES: Honourable senators, I find it hard sometimes to follow explanations of statutes given by honourable members who are lawyers, but I make an exception as to the right honourable leader on the other side (Right Hon. Mr. Meighen), whose statements are comparatively easy for me to understand. I wish to ask some questions about this Bill, but I cannot of course express them in legal terminology. If the right honourable leader opposite will give me the desired information, I personally shall be deeply grateful to him.

Hon. Mr. DANDURAND: The honourable gentleman can get information directly from the honourable senator from Vancouver South (Hon. Mr. Farris), who is sponsoring the Bill.

Hon. Mr. HUGHES: I tried to follow the honourable senator from Vancouver South yesterday, but I could not understand him very well. That was my fault, of course. As a rule, though, I can understand the right honourable leader on the other side.

It seems to me that the amendment proposed in the first paragraph of this Bill would place the creditor of a farmer in a worse position than he is under the existing law. I have read some of the comments made in another place, and have got the impression that honourable members of that House would like to improve the present law; that they consider it is pretty severe on the creditor, as a rule, even when it is well administered. And when it is not well administered, as is the case in some provinces, the injustice is all the greater. I cannot imagine why the Parliament of Canada, with all the knowledge at its disposal, should make the law worse than it is already.

I shall have to oppose this proposed amendment with every means in my power. I believe that if any changes at all are made, they should be with a view to putting the creditor in a far better position than he stands now.

Hon. Mr. MacARTHUR: Hear, hear. He is going to be.

Hon. Mr. HUGHES: I hope so, but I do not understand this amendment to have that object.

Right Hon. Mr. MEIGHEN: I thank the honourable member for his compliment. Presumably the reason that my law is more easily understood is that there is less of it.

Hon. Mr. HUGHES: It is simpler.

Hon. Mr. DANDURAND: And then, my right honourable friend (Right Hon. Mr. Meighen) was the originator of the law.

Right Hon. Mr. MEIGHEN: Yes. I am not trying to shirk any responsibility in that respect.

Hon. Mr. HUGHES: And I myself voted for the law, thinking it was all right.

Right Hon. Mr. MEIGHEN: The honourable senator from King's (Hon. Mr. Hughes) is right in pointing out that this section does strengthen the position of the debtor as against his creditors, for the reason that creditors of one class who hitherto have not come within the provisions of the Act, and therefore have had their former rights intact, are now brought within these provisions. So their fate will henceforth be the same as that of other creditors. That is to say, a man who lent money on the security of a farm mortgage and holds that mortgage after the original mortgagor has sold the property to another farmer, is placed in the same position as if he had lent directly to this second farmer.

Hon. Mr. HUGHES: He is compelled to be creditor to a man whom he perhaps would not trust at all.

Right Hon. Mr. MEIGHEN: Yes. He is brought within the terms of the Act and compelled to take whatever disposition is finally made of this second farmer's assets by the Board of Review.

I have strong hopes that we can see the end of the road for this legislation. I do not know where in Canada, at least in Eastern Canada, the Act has friends; and I do not know why it should have friends. It is easy, of course, to criticize the application of a law with which one has nothing to do, and I have not the least doubt that many of the judges sitting in review do the best they can. But, really, dispositions that have come to my attention have simply stunned me. They have been of a kind to remove all incentive to thrift and toil. People who have laboured hard and saved their earnings find themselves now stripped of them just because somebody else did not labour hard, did not save, and bought too much. And

the security which they were shrewd enough to insist upon getting is wrested from their hands and divided up among a lot of other people.

This all illustrates what seems to me now a well established principle, although I certainly did not realize it years ago. It is that you cannot treat with farmers under the ordinary principles of bankruptcy the same as you can treat with merchants. The merchant is usually a tenant; he is doing business, and his business is his all. The farmer is an owner and a mortgagor. In his case liens and all sorts of things exist. He is engaged in an occupation which has its ups and downs; which varies with the weather, with the seasons and with the times; which has long depressions and sudden recoveries. That state of affairs does not lend itself to bankruptcy disposition as between him and his creditors.

I urge the Government to get rid of this Act as fast as possible. I am doing so merely on my own responsibility, not as leader on this side of the House, nor in any other capacity than simply as a citizen who is interested in the welfare of his country. I can couple with that advice the suggestion that there are still possibly some cases in the West where worthy application can be made for assistance under this legislation, though I doubt very much that there are. But just imagine thousands of cases coming from a province of the size of Prince Edward Island! It is almost unbelievable. Prince Edward Islanders, of all people, know what a debt means, and what it is to pay a debt.

Hon. Mr. MacARTHUR: They did once.

Right Hon. Mr. MEIGHEN: But we have set out to teach them that that doctrine is all wrong. Indeed, we have set out to teach the whole of Canada that. And I beg that the lesson be ended.

Hon. Mr. SHARPE: I should like to ask my right honourable friend a question. Does he know how many farmers would have been put off their land in Manitoba alone but for this law? I can tell him that there would have been a lot of them.

Right Hon. Mr. MEIGHEN: Yes, but probably better ones would have come on. Land will not be worked if it cannot be made to pay. No creditor, unless he be a madman, would put an efficient farmer off the land. His only interest is served by keeping an efficient man on his land; it cannot be served in any other way. The tendency of this legislation has been to keep the inefficient man on, and thereby prevent the efficient man from taking his place. Such is my experience of its operation.

Hon. Mr. SHARPE: It is not mine.

Right Hon. Mr. MEIGHEN: I do not doubt there are thousands of men who would not be on the land but for the Farmers' Creditors Arrangement Act. I do not go so far as to say there are not worthy men on the land who would be off it but for the Act, but those are cases where the creditors would be unwise—and creditors can be unwise just the same as other persons. But, take it by and large, I think the Act works out for the protection of the inefficient, and particularly for the protection of those whose chief interest is to find some method of getting away from their obligations rather than adjusting themselves to the task of meeting them.

Hon. Mr. SHARPE: Honourable members, from my experience of the operation of the Act, I think I am safe in saying that from 80 to 90 per cent of the cases were settled before they came to the Board of Review.

Hon. Mr. FARRIS: With some hesitation I venture to express the hope that honourable members can follow what I am saying.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. FARRIS: The present statute has operated in fact as this Bill now proposes that it shall operate in law, particularly in Ontario and Manitoba. The boards have dealt with cases between mortgagor and mortgagee where the land had been sold to a third party, and the orders made in those cases will be validated by this proposed legislation. As soon as this Bill becomes law, in all the provinces where the Act continues to be operative, the boards may proceed as most boards have in fact proceeded in the past.

I may say the department has furnished me with the information that approximately 34,000 proposals have been submitted.

Hon. Mr. BEAUBIEN: When?

Hon. Mr. FARRIS: Since the Act has been in force.

Hon. Mr. SHARPE: For the whole of Canada?

Hon. Mr. FARRIS: Yes. Of those 34,000 proposals the boards of review have rejected 5,000. In 15,184 cases voluntary arrangements have been made. The boards of review have dealt with 28,000 cases. The department estimates that the debts of those 34,000 farmers aggregate $200,000,000 as against a total farm value of $136,000,000. It is only fair to point

out that while the applications may strike one as somewhat numerous, they involve only 2 per cent of the farmers of Canada.

Hon. Mr. BEAUBIEN: I suppose the valuation of the farms takes into account only the real estate.

Hon. Mr. FARRIS: Yes.

Hon. Mr. BEAUBIEN: It does not take into account stock and implements, nor household furniture.

Hon. Mr. FARRIS: That is true. The information which I find on the file—I did not have it in mind at the moment—shows the total value of farms and stock, which would include fixtures and everything, is less by a considerable amount than the total debts.

Hon. Mr. ASELTINE: Suppose the vendor under agreement for sale sold his land to a farmer at 75 bushels per acre, and then the farmer sold the land for 85 bushels per acre—

An Hon. SENATOR: Dollars?

Hon. Mr. ASELTINE: It does not matter whether it is dollars or bushels. This happens to be a case of land sale by bushels. Under the law there is no privity of contract between the second purchaser and the original vendor. Under this definition would the second purchaser be a debtor of the first vendor? In other words, would there be privity of contract between them?

Hon. Mr. FARRIS: Only for the purpose of enabling the board to make an adjustment.

Hon. Mr. ASELTINE: I take it, then, the board could adjust the agreement for sale between the second purchaser and his vendor, and also on the same application could adjust the agreement for sale between the first purchaser and his vendor?

Hon. Mr. FARRIS: I should not think so as between the sales by A to B and B to C.

Hon. Mr. ASELTINE: By agreement for sale?

Hon. Mr. FARRIS: By agreement for sale. C has the property with a charge against it for the money he owes to B. But I should not think this section would confer any power to deal with the contractual arrangements between A and B.

Hon. CREELMAN MacARTHUR: Have not some boards of review adjusted such cases just as if there had been privity of contract?

Hon. Mr. FARRIS: Yes.

Hon. Mr. MacARTHUR: Then if this amending legislation is not enacted there will be a terrible mix-up. We do not want this legislation, but I do not see how we can help it if we are to put those cases on a legal footing.

Hon. Mr. FARRIS: That is one of the purposes of the Bill.

Hon. Mr. MacARTHUR: But those boards of review should not have taken that course. There was no legal justification for it.

Hon. Mr. FARRIS: It is easy to be wise after the event. The Court of Appeal of Ontario held that there was no such authority as the boards of review assumed they had.

Hon. Mr. MacARTHUR: The Act of 1934 was conceived—

Hon. Mr. HUGHES: In iniquity and brought forth in sin.

Hon. Mr. MacARTHUR: And short-sightedness. There has been no business management in the administration of the Act. The administrator should at least have instructed the various boards of review so as to secure uniformity of practice in all the provinces. He could have done this by circular letter or by arranging for a meeting at some central point. He should have told them to apply the Act only when there was insolvency.

In Prince Edward Island, as the right honourable leader on the other side (Right Hon. Mr. Meighen) has stated, many of our farmers and other debtors have lived up to their obligations. They have always recognized that they have to pay their debts instead of getting rid of them through legalized robbery. I am glad to say we have many thrifty farmers on the Island. Naturally, the thriftless ones took advantage of the Act and secured relief. It is a wonder more did not do so, for it was understood that they would get a 50 per cent reduction of their debts. As I remarked yesterday, we had on the board a farmer who was supposed to be a representative of the creditors, but he turned out to be very much biased in favour of the debtor, and the other two members were both for the debtor every time. There were a few good decisions; you might call them isolated cases. The board even advertised that it would hold sittings at various points to save applicants travelling expenses. A member of a very large firm in my home town has had so many cases adjusted to his detriment that he refuses now to go before the board. And other merchants have had good reason to complain of their treatment, the chairman having referred to them as selfish creditors. A young advocate who came before the board was admonished for looking after the interests

of his "selfish clients." That is why it is called the Soviet Board down there.

I am not worrying about the farmers in my province, for I am satisfied that inside of a month after this Bill is passed we shall have a proclamation declaring that this legislation shall no longer be applicable to Prince Edward Island.

Hon. J. J. DONNELLY: Like the honourable member from Manitou (Hon. Mr. Sharpe), I know of cases where the arrangements were very satisfactory and would, in a measure, justify those who were instrumental in bringing the Act into force. But, speaking for the farmers as a whole, not only in Ontario but all over Canada, I believe the injury caused to their credit is much greater than any possible benefit from the continued operation of the Act.

I notice section 8 provides that after a date to be fixed by proclamation no new applications shall be considered in any province in respect of which the proclamation is issued. I should be pleased to see the Act so amended that after the passing of this Bill no new applications shall be considered in any part of Canada.

Hon. Mr. MacARTHUR: Yes.

Hon. Mr. DONNELLY: I might say that by reason of the injury to the credit of the farmers of Canada the Act was amended about two years ago so as not to apply to any debts contracted after the 1st of May, 1936.

Hon. Mr. ROBINSON: Of 1935, except with the consent of the creditors.

Hon. Mr. DONNELLY: But that has not very much helped the credit of our farmers. There are a large number of mortgages still in existence that were entered into previous to 1935. At the present time, with the threat of the Act hanging over them, it is impossible to dispose of such mortgages except at a very considerable discount. If it were known that all farm mortgages are as secure as they were fifteen or twenty years ago—and as I hope they will be again—it would have a good effect on the credit of the farmers of Canada.

But it is not only the debtor farmers who should be considered. In Ontario we have in our small communities careful people who save their money and would like to find a good investment, and they prefer mortgages. Under the operation of the Act that class of business has been discredited. Farmers who have made money—and I must admit there are farmers in Ontario who have made a good deal of money—are advised not to invest their savings in farm mortgages, by reason of the operation of the Act. In my opinion the continuance of the Act would be very prejudicial not only to our farmers, but also to thrifty persons who wish to invest their savings in farm mortgage securities, but cannot do so under present conditions.

Hon. J. T. HAIG: Honourable senators from Prince Edward Island and from Ontario and Quebec have spoken of the operation of the Farmers' Creditors Arrangement Act in their respective provinces. I shall now describe its operation in Manitoba. Two years ago in my province there was a complete lack of optimism among the farming community. Last year we had a fine crop and received a high price for it, and to-day you do not need to be told, you can sense, that there is a spirit of optimism among our farmers. They regard the future with high hopes. But I could stand here this afternoon and tell you by the hour of cases in Manitoba where, if it had not been for the Farmers' Creditors Arrangement Act, many farmers would have been driven off their land.

There is in Manitoba a condition similar to that which the honourable senator from South Bruce (Hon. Mr. Donnelly) mentions as existing in Ontario, farmers having lent money to neighbouring farmers, and it was the mortgagees in those cases who gave us trouble. It was not the financial, mortgage, life insurance or trust companies.

The successful operation of the Act depends on one thing, the Board of Review, and the honourable senators from Prince Edward Island have revealed what may happen under a weak board. In Manitoba we have for the most part been very happy in having a very able Board of Review.

Hon. Mr. SHARPE: Hear, hear.

Hon. Mr. HAIG: It has done a real service for the province. I can say quite confidently that you cannot find more than fifty cases in the whole province where any loan, trust or mortgage company has any complaint to make at all. The complaints come from another class altogether. I refer to the local merchant, the implement dealer, the garage man, the doctor, and all others who supply the needs of the farmers in our rural towns. Under this Act they have, with very few exceptions, been wiped out entirely. Their only salvation has been in the ruling of the board that the value of the live stock and cattle owned by the farmer should be set aside to satisfy unsecured creditors. To that extent there has been some relief.

But Manitoba does not need this law any more. The trouble in Manitoba was caused by the action of the Government. I am not criticizing it for what it did, but I think it made a serious mistake when, in trying to cut down the cost of the administration, it placed registrars, who under the previous Government got $150 a month whether there was one application or a hundred, on the basis of $10 or $15 per application.

Hon. Mr. HUGHES: Twenty dollars if a settlement was made, and $15 if it was not.

Hon. Mr. SINCLAIR: You refer to the official receivers?

Hon. Mr. HAIG: Yes. Well, what happened in Manitoba? More official receivers were appointed in certain districts, and they, directly or indirectly, went out and canvassed other people to come under the Act.

Hon. Mr. CALDER: Sure.

Hon. Mr. HAIG: A client of mine at Wadena, Saskatchewan, had sold his farm for $6,000 under a crop payment plan in the form of an option. The purchaser wanted the amount cut down, and my client received a letter saying: "You have a claim against this farm for $6,000. Unless you cut it down I will go to the board." Fortunately my client had only given an option; so I wrote to the receiver, and the reply I received was, "I guess the man who did the canvassing made a mistake."

It is the system of receivers that has caused the real trouble in Manitoba. The honourable member from Manitou (Hon. Mr. Sharpe) was quite correct in what he said. When the Act first came into force it again created a spirit of optimism in the province. If honourable gentlemen had seen some of the incidents I have seen, they would know what I mean by that. I have had men from farms come into my office and break down. When they do that, you know their backbone is gone. That is what happened in Manitoba.

If the honourable member from Vancouver South (Hon. Mr. Farris) will look up the records he will find that only during the last two years have these matters been going to the Board of Review; and in almost every case there has been no justification at all for the application. During the first few years there were many proposals and settlements made in the province. In 1920 a farmer living about 25 miles south of Winnipeg bought two sections of land, 1,280 acres, for which he agreed to pay $30 an acre, in all about $40,000. He farmed that land with his sons. In 1936 he still owed $35,000 on it, but the land, with all the improvements which had been made, was then worth, at best, only about $20,000. So he made a proposal, and the creditor came in to me. I said, "What is the land worth?" He said, "$20,000." I said, "Why do you not settle on that basis?" That is what he did, and now he is glad of it, and that farm to-day is the home of the man who had bought it, and of his boys.

As far as Manitoba is concerned, I wish a date were set, say the 1st of January next, after which no more applications would be received. Meantime the Government should cut down the number of receivers, put them on a monthly salary, and stop this payment of $15 per application. If that were done it would wipe out this abominable system of canvassing. My honourable friend from Montarville (Hon. Mr. Beaubien) is familiar with the racket that was carried on under the Bankruptcy Act in Quebec, Ontario and Manitoba, and knows how men were sent out to get people to make assignments. The same sort of thing has been occurring under this Act. In Manitoba and Saskatchewan the canvassers have gone to people to induce them to come under it. For that reason I say a date should be set after which no more applications would be received, and I suggest the 1st of January, 1939. If that is done, the situation will be automatically cleared up.

Hon. Mr. CALDER: Honourable members, there is one other suggestion that I think may be worth considering. I have always been surprised that this law was made effective in provinces like Nova Scotia, New Brunswick, Prince Edward Island, Ontario and Quebec. We all realize that conditions in those provinces are entirely different from those prevailing in the Prairie Provinces. The Prairie Provinces have suffered from a great calamity, which has extended over a long period of years, and without this law the situation would have been terrible.

Hon. Mr. SHARPE: Hear, hear.

Hon. Mr. CALDER: Why should the law be left in force in, say, Prince Edward Island? My suggestion is that the Government of Prince Edward Island, should be allowed to decide whether the law is to remain in force there. If it is decided that it should not, the law could then be changed accordingly. The same thing could be done in the other provinces.

My honourable friend the junior member from Winnipeg (Hon. Mr. Haig) has said that this law is no longer required in Manitoba. My recollection is that the province of Saskatchewan has a law—if I am wrong I can be corrected by some of the

members from that province—which very largely takes the place of this measure. Is that not so?

Hon. Mr. ASELTINE: No. It is not compulsory. There is what is called the Debt Adjustment Act, which prevents creditors from taking action against debtors, and there is a voluntary debt adjustment plan, under which government officials can say to the creditor, "If you do not make an agreement with the debtor you cannot foreclose your mortgage."

Hon. Mr. DANDURAND: It seems to me that the province of Prince Edward Island, with its limited representation in the House of Commons and the Senate, could have its members get together and go to the Minister of Finance to ask that it be exempted from the operation of this Act.

Hon. Mr. CALDER: That is possible under the law as it stands?

Hon. Mr. DANDURAND: The last section of the Bill says:

> On and after a date to be fixed by proclamation of the Governor in Council, no new proposal shall be made or filed by any farmer or accepted by any Official Receiver in any province in respect of which the said proclamation is issued.

So applications in Prince Edward Island can be done away with immediately, and I would simply advise our friends from that province to make their demand. I am quite sure they would be well received. The same thing could be done in the cases of Ontario and Quebec, and perhaps of New Brunswick and Nova Scotia. The Minister of Finance has heard the whole story in the House of Commons, and he could gradually exempt the provinces from the operation of the Act.

Hon. Mr. CALDER: I apologize. I did not know that provision was in the Bill.

Right Hon. Mr. MEIGHEN: I do not see why Prince Edward Island should be favoured.

Hon. Mr. DANDURAND: I mentioned Prince Edward Island particularly because it has so few members. They could gather together and speak for the whole Island.

Right Hon. Mr. MEIGHEN: I only want to emphasize what was said by the honourable senator to my right (Hon. Mr. Donnelly) as to the harm that is being done and the penalty that we are paying for this kind of legislation. Everyone is suffering unnecessarily. A man's reputation may be such that hardly anything can destroy his credit, but if he is in extremis it is gone. Such men have come to me and complained bitterly.

I was very glad to hear the figures given by the honourable senator from Vancouver South (Hon. Mr. Farris). They are exceedingly interesting. It is some relief to know that only two per cent have applied.

Hon. Mr. FARRIS: I should have said two and a half per cent.

Right Hon. Mr. MEIGHEN: But let us keep this in mind. In Canada as a whole the proportion of farmers who throughout the years have had to make some compromise with their creditors would be far greater. In the West it would be many times that figure. This all goes to show the great mass of compositions took place without the Act. What the honourable the junior senator from Winnipeg (Hon. Mr. Haig) says is correct. It is not the mortgage company, but the individual mortgagee, who is likely to insist upon securing the pound of flesh, feeling that ultimately his security may be good. The mortgage company, which is more experienced, makes a settlement and makes it quickly. The whole number of cases that would not be settled but for this Act would be small in comparison with the damage done to the credit of the farmers, and still smaller in comparison with the damage done to their morale.

I have not another word to say. I am quite concerned to have the whole responsibility for the legislation rest on me. My previous judgment was wrong.

Hon. Mr. SINCLAIR: I want to thank the honourable the leader of the Government for his suggestion as to a solution in Prince Edward Island. If it is put into effect and the members from that province in both Houses, barring the Minister of Finance, form a delegation, two will be against the Act and the rest will be for it, notwithstanding all the noise.

Hon. Mr. CALDER: The proposed addition to the Act is this:

> On and after a date to be fixed by proclamation of the Governor in Council, no new proposal shall be made or filed by any farmer or accepted by an Official Receiver in any province in respect of which the said proclamation is issued.

That still leaves it in the hands of the Government to issue the proclamation. It seems to me that it should not be left there; that if a province is of the opinion the law should cease to operate within its boundaries, and the necessary action is taken by the Lieutenant-Governor in Council of that province, the law should automatically cease there. That is, it should not be left to the officials of the Federal Government to say when the termination of this law shall be brought about.

Hon. Mr. GRIESBACH: I think that in Alberta we prefer to have the law as it is, for obvious reasons.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. DANDURAND: I doubt very much that what is proposed by my honourable friend (Hon. Mr. Calder) would effect his purpose, because it places the federal and provincial authorities on a common ground, and there might be some difficulty in getting the provincial authorities to take a position on this matter. This is essentially a federal law, and it is for the representatives of the provinces within the halls of Parliament to take action.

Hon. Mr. CALDER: That is quite possible.

Hon. Mr. HUGHES: Honourable senators, after listening to the explanation given by the honourable senator from Vancouver South (Hon. Mr. Farris) I have come to the conclusion that several of the judgments or decisions given by the boards of review were faulty, contrary to justice and perhaps to common law. Yet this Parliament is now asked to legislate to make such decisions valid.

Hon. Mr. DANDURAND: Under these judgments there has been a liquidation, a settlement, which has established a new set of conditions from which you cannot escape.

Hon. Mr. HUGHES: Besides validating what has happened in the past, we are making that kind of thing possible in the future. In other words, we are making bad law good law; we are justifying injustice. If we stopped with the evil already done, it would not be so bad. Surely Parliament will not pass legislation of this kind. It is in the same field as the legislation they have in Alberta.

The honourable senator who leads the House (Hon. Mr. Dandurand) made a suggestion, and my honourable friend from Queen's (Hon. Mr. Sinclair) said it would not work. No, it will not work in that province because there is a great deal of nepotism there in connection with this matter.

Hon. Mr. MacARTHUR: Hear, hear.

Hon. Mr. DANDURAND: I would draw attention to the fact that the Minister of Finance is from that province.

Hon. Mr. HUGHES: But he has no relations there.

Hon. Mr. DANDURAND: He is a free agent there.

Hon. Mr. HUGHES: And some people are doing well under this Act at the expense of other people, particularly of the retail country merchants, who have carried on under distressing circumstances for many years and have helped the farmer in every way possible. Creditors are now haled before a board and their assets are cut down and payment extended over a period of years. There is really a great deal of hardship in connection with this law. But what I wanted to bring out was that if it were not for the family compact which we have in Prince Edward Island there would be some chance of carrying out the suggestion of the leader of the Government.

Hon. Mr. MacARTHUR: I notice that my honourable friend from Queen's (Hon. Mr. Sinclair) has left his seat. I knew that his opinion in this matter was contrary to my own. I am satisfied, however, that I have behind me all the best farmers as well as practically all the creditors. The honourable senator spoke about two making a noise. There will be more noise made if the Minister of Finance does not listen to the two members rather than to the other four or five. If we had here the other member from King's county (Hon. John A. Macdonald, Cardigan), I think he would make more noise than any of us, for it was his questions which elicited the information showing the cost of administration was so heavy, the administrator getting $1,800 or $2,000, and the man in charge getting about $6,000 a year for driving around the country and having a good time. It is no wonder that some people want this law continued. They may have ulterior reasons.

It has been suggested that we should provide definitely for the termination of this legislation on the 1st of January next. I say we should do no such thing. We all know what happened when the honourable senator from Westmorland (Hon. Mr. Black) brought up the question of the low rates charged for Government annuities. The publicity given to the discussion of that question caused a stampede. Because that procedure was followed instead of a quiet and business-like one, the Government lost money. The fact that the rates charged for annuities were too low was advertised all over the country, with the result that the Annuities Branch was flooded with applications from people who wanted to take out policies before the rates were raised. There was a loss to the federal treasury because of too much talking in the Senate. If the present Bill is amended so as to fix a definite date after which no new proposals shall be filed or accepted, there will be a rush of applications in the meantime. The Minister should have power to withdraw the Act without any advance publicity; and the sooner it is withdrawn the better it will be for the country.

I have been for some time an observer of what goes on in Parliament, and I must say that I cannot understand why some things are done as they are. This Farmers' Creditors Arrangement Act is one of these things. I have been in business a good many years, but I have never tried to borrow money without wanting to pay it back.

It may be asked why the Legislature of Prince Edward Island has not requested that this legislation be made inapplicable to our province. Well, that Legislature does not sit very long, and it prorogued some weeks ago. In any event, most of the members represent rural constituencies, and it would be pretty awkward for any of them to vote against the interests of farmers. Besides, the Minister has asked for power to terminate the Act, and it would be useless to suggest that the Legislature should do anything about this. The Legislature did not demand the law, nor even request it. It was brought in by the Federal Government and made to apply to every province, and then our farmers took advantage of it. As has already been pointed out, the effect is that thrifty farmers, those who have enough independence and self-respect not to ask for a composition, are penalized, while the thriftless are bonused.

The Minister of Finance represents one of the ridings in Prince Edward Island, and I have spoken to him about this matter several times. He knows all about it, and he says it is a headache. It certainly is a headache in my province. The administrator of the Act says there are ten times as many complaints about it from my province as from all the rest of Canada. I hope we shall not have to wait until the first of January, 1939, to be relieved of this law, but that there will be a proclamation early in the summer making it inapplicable to Prince Edward Island, at least.

Subsection 1 of section 1 was agreed to.

Subsections 2, 3 and 4 of section 1 were agreed to.

Section 2 was agreed to.

On section 3—subsection repealed:

Hon. Mr. BEAUBIEN: What is the effect of the repeal of subsection 3 of section 2 of the Act?

Hon. Mr. FARRIS: That is covered by section 5 of this Bill.

Hon. Mr. BEAUBIEN: Do you mean it is replaced by section 5?

Hon. Mr. FARRIS: Yes; that is, by the proposed new section 10A of the Act.

Section 3 was agreed to.

Sections 4 to 8, inclusive, were agreed to.

The preamble and the title were agreed to.

The Bill was reported without amendment.

PRIVATE BILLS

NIAGARA FALLS OBSERVATION BRIDGE COMPANY—SECOND READING

Hon. W. H. McGUIRE moved the second reading of Bill 15, an Act to incorporate Niagara Falls Observation Bridge Company.

He said: Honourable members, this Bill has for its object the incorporation of a company, to be owned by the Province of Ontario, for co-operating with a similar company to be incorporated by the United States Congress, the purpose being that both companies shall form a board to build and maintain a bridge between Niagara Falls in Ontario and Niagara Falls in New York State. The intention is to have the structure run from virtually the centre of the river side of each city. The measure is an important one. To begin with, each of the cities is of considerable size, the one on the Canadian side having a population of about 25,000, and the other a population of about 60,000. At the present time there is what is known as the Lower Arch Bridge, which runs from the north ends of the cities.

Motor traffic in this section is very heavy. As honourable members know, Niagara Falls is still the Mecca for tourists. The district on the New York State side is controlled by a park commission; and that on the Canadian side is under the jurisdiction of a similar body, known as the Queen Victoria-Niagara Falls Park Commission, which was created long ago and has been a credit to Canada. Incidentally, the Canadian commission owns property to the value of about $5,000,000, as is shown by its late reports. The larger falls and, in my opinion, the finer park, are on the Canadian side. These commissions estimate that more than ten million persons visit Niagara Falls every year. Most visitors want to view the falls from both sides of the river, and the only means of crossing the river there is by a bridge, unless one takes an aeroplane.

I have referred to the heavy motor traffic in the district. It presents a peculiar problem, because most tourists drive around very slowly or park their cars while taking in the various sights. Besides, the great highways of New York State and Ontario centre in that

district. A great deal of traffic from Toronto to New York, Boston to Detroit, and so on, passes through there. So the problem is one that requires special consideration.

The board, which is to be composed of the company appointed by the United States Congress and the company incorporated here, will be half Canadian and half American. It will have the duty of deciding upon what type of bridge shall be built. The structure will be necessarily rather expensive. Bridges are part of the highways system, as they always have been, but this one will have to accommodate very heavy traffic, as I have intimated. Besides, as a bridge which provides a crossing over an international boundary, it will have some special features. Accommodation must be provided on it for customs and immigration officials of both countries.

Hon. Mr. GRIESBACH: Space must be provided on the bridge for them, but the company does not supply the accommodation.

Hon. Mr. McGUIRE: The necessary space has to be provided, as the honourable gentleman says. Besides, the matter of approaches is a serious one, much more important than it used to be prior to the tremendous increase in motor traffic. The approaches to such a bridge are of almost as much importance as the bridge itself.

I wish to call attention of honourable members to the fact that some years ago, at the time Al. Smith came into power, the State of New York adopted a policy of public ownership of all highways, bridges, water-powers, parks and so forth. That policy has remained in effect. The Province of Ontario has now stated that its policy also is the public ownership of bridges. Provision is made in the Bill whereby the part of the bridge located in the United States will be conveyed to the State of New York, and the part located in the Dominion of Canada will be conveyed to the Province of Ontario, without cost or expense, when the corporate obligations of the two companies have been retired. I think the only way to get the bridge built is through the incorporation of these companies and their working together on the project. I know that written complaints have been made to Parliament by the company which owned the bridge that was destroyed by the ice last winter. One of these complaints reached me, although it was not addressed to me. But it is my belief that the various problems connected with the whole matter can be solved only by joint action of the two corporations.

I notice that the application to the American Congress is for incorporation of a company for the purpose of building or purchasing a bridge or bridges. The company that owned the old bridge has another one, of a rather light type, about eight miles further down the river, at Lewiston and Queenston. As the company has been for a number of years in bankruptcy, and still is, it appears to me that possibly it might dispose of its assets to the new corporations which are to be owned by the State of New York and the Province of Ontario, although, of course, I do not know what the policy of the New York corporation would be in this matter.

Hon. Mr. LAIRD: Has the old company any vested rights there?

Hon. Mr. McGUIRE: I presume so.

Hon. Mr. MURDOCK: May I ask the honourable senator a question? What about the statement which appears in the press of to-day, I think, that the company whose bridge fell down last winter is going ahead, without getting any permission, to build a better and safer bridge?

Hon. Mr. McGUIRE: The problem of a new bridge at Niagara Falls is a very important one. The claim is made for Niagara Falls, Ontario, that it is the front door of Canada, and there is a good deal of truth in that. More strangers come to see Canada for the first time at Niagara Falls than at any other place.

Hon. Mr. MURDOCK: Can the honourable gentleman hazard a guess by way of answer to my question?

Hon. Mr. McGUIRE: I could answer the honourable senator's question completely, I think. I do not wish to go into the problems of this other company, as it is not directly before us. It is my intention to move that this Bill be referred to the Railway Committee, where I am sure there will be discussion of the various details. I read an article about the bridge in the press to-day. I may say that I have received a letter from a member of the Legislature of New York State, expressing anxiety of business men for a new bridge to be erected at an early date. I have also received to-day copy of a statement made at Washington this week by Congressman Andrews, of New York.

As I understand, the bridge that fell down was built on a site selected about seventy years ago. It is stated that the new bridge will not be built just there, because in the first place that is too close to the falls,

and, in the second place, the American end of that site is exactly where the discharge of water from the Niagara Falls Power Company goes into the gorge. Some time ago, when the foundation on that side was being repaired, the Niagara Falls Power Company had to stop operations.

Hon. Mr. DANDURAND: Should these details as to location not be examined in committee rather than in this House?

Hon. Mr. McGUIRE: Absolutely; but some honourable members asked me for particulars.

The former bridge was erected right across the gorge, and, as all honourable senators know, the river banks are rocky and precipitous. The authority to build on the Canadian side is vested in a company known as the Clifton Bridge Company, incorporated in 1892 by the Parliament of Canada. That company will have to come back here to secure approval for the building of any new bridge. I am satisfied no bridge will be erected on the old site. The abutments of any new bridge will have to be on the level land above the gorge, and, it being a larger and stronger bridge, greater space will be needed. The Clifton Bridge Company has only a small amount of property on the land above the brink of the precipice. It cannot acquire any more on the Canadian side, because immediately opposite is the station of the Canadian National Railways, and also the Oakes theatre, owned by the Niagara Falls Park Commission.

The new bridge with the approaches I have indicated will have to be put up where there is sufficient space for their erection. My own view is that when the two companies are incorporated and get together and appoint their directors, half Canadians and half Americans, they will deal fairly with everybody. At best, it will take them a long time to erect a new bridge, but there is very great public necessity for it.

Hon. Mr. MULLINS: I should like to know whether the superstructure is to be of steel or cement, and whether the material and labour will be Canadian or American.

Hon. Mr. McGUIRE: I may say the Bill requires that such material as can be shall be purchased in Canada, and that where possible Canadian labour shall be engaged.

As to the design of the bridge, I have seen various suggestions. In my opinion it is the greatest bridge site in the world, bar none. There is no other bridge over which so many motorists will pass, and no other place that commands a more impressive spectacle. The new bridge will provide an observation point in the centre of the river. Architects and construction engineers will be required to design it and supervise construction. They will, I presume, settle such questions as my honourable friend from Marquette is inquiring about. I should think both cement and steel would enter into the construction of the bridge.

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

SECOND READINGS

On motion of Hon. Mr. McGuire, Bill J2, an Act respecting The Mail Printing Company, was read the second time.

On motion of Hon. Mr. McGuire, Bill K2, an Act respecting the Globe Printing Company, was read the second time.

RAILWAY BILL

SECOND READING

On motion of Hon. Mr. Parent, Bill 5, an Act to amend the Railway Act, was read the second time.

COPYRIGHT BILL

REPORT OF COMMITTEE

Hon. Mr. GRIESBACH moved concurrence in the report of the Standing Committee on Banking and Commerce on Bill 12, an Act to amend the Copyright Amendment Act, 1931, and the Copyright Act.

Hon. Mr. MURDOCK: May I ask the sponsor of this motion to postpone it until Monday night? I think there are several honourable senators who would like to analyse further the proposed amendments.

Hon. Mr. GRIESBACH: I have no objection.

Hon. Mr. MURDOCK: Monday night.

Hon. Mr. DONNELLY: Honourable senators, the attendance is not very large this afternoon, and I think the same condition will prevail on Monday night. I expect the honourable leader of the Government (Hon. Mr. Dandurand) will move that the Senate stand adjourned until Monday evening, the object being to have honourable senators here in readiness for the meetings of the Special Railway Committee on Tuesday morning. The members of that committee are public-spirited gentlemen, and I think they would be glad to be in attendance next Tuesday without the House sitting Monday night. I would suggest, therefore, that the honourable leader opposite move that when the Senate adjourns to-night it stand adjourned until Tuesday afternoon, to

see whether the members of the Special Railway Committee are not public-spirited enough to attend their committee on Tuesday morning. They were selected as members of that committee because of their public spirit, and I think they should live up to their reputation.

Hon. Mr. DANDURAND: We might try that, but not next week.

Hon. Mr. GREEN: I submit, honourable members, that the motion made by the acting chairman of the Banking and Commerce Committee (Hon. Mr. Griesbach) should be agreed to. The Bill has been considered in the House and by the committee for weeks together. All the objections raised have been combated in the committee. The committee's report is virtually unanimous. The Bill will have to go back to the House of Commons, and, as it is sponsored by a private member, there will be but a limited time for it to be dealt with there. I hope not only that the motion will carry, but that honourable members will go further and give the Bill second reading to-night.

Some Hon. SENATORS: Carried.

The Hon. the SPEAKER: Has the honourable member from Edmonton leave to withdraw his motion?

Hon. Mr. GRIESBACH: I am not interested in any way in the measure, but I happen to be chairman of the committee bringing in the report. The honourable gentleman from Parkdale (Hon. Mr. Murdock) has made a reasonable request, and I have no objection to it. However, if my seconder (Hon. Mr. Green) does not approve, perhaps other honourable members will express their views.

Hon. Mr. ROBINSON: I desire to support the request of the honourable gentleman from Parkdale. I wish to look into the Bill myself. I think there is no occasion for hurry. It might well stand over for consideration at the next sitting of the House.

Hon. Mr. DANDURAND: Monday evening.

The motion stands.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. McMEANS, Chairman of the Committee on Divorce, presented the following Bills, which were severally read the first time:

Bill L2, an Act for the relief of Paul Sanson White.

Bill M2, an Act for the relief of Louise Maud Thomas Gregory.

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Bill N2, an Act for the relief of Emma Kathleen Lavery Forester.

Bill O2, an Act for the relief of Edith Margaret Campbell Quinn.

Bill P2, an Act for the relief of Dorothy Maud Doran Gay.

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

THE SENATE

Monday, May 23, 1938.

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

Prayers and routine proceedings.

FARMERS' CREDITORS ARRANGEMENT BILL

MOTION FOR THIRD READING

Hon. Mr. DANDURAND, for Hon. Mr. Farris, moved the third reading of Bill 25, an Act to amend the Farmers' Creditors Arrangement Act.

Hon. Mr. BEAUBIEN: I would ask the honourable leader of the House to allow this motion to stand until Wednesday next. Several honourable senators are interested in the Bill, and Mr. O'Connor, the Law Clerk of the Senate, has been requested to examine it to see whether it cannot be improved. I need not enter into details at the present time. The Farmers' Creditors Arrangement Act is a very unpopular measure and has caused considerable harm throughout the country. I know that is so in the province of Quebec, and from what we have heard in this House it is evident that its effect has been very harmful in other provinces. I think the prospect of improving the Bill justifies postponement of the present motion for forty-eight hours. I am making this request not only for myself, but also on behalf of other interested members.

Hon. Mr. DANDURAND: I have no objection to complying with the request of the honourable gentleman. I may say that the original Act which we are seeking to improve by this amended Bill has been on the Statute Book since 1934. Its operation will cease on a certain date. Some ask that that date be advanced, others that it be retarded. The Act having already produced virtually all its effects, good and bad, according to honourable members who have described its operation, is it opportune for us now to try to amend it radically?

Hon. Mr. MacARTHUR: Honourable senators, I should like to support the suggestion of the honourable senator from Montarville (Hon. Mr. Beaubien). The sponsor of this Bill (Hon. Mr. Farris) is not present.

Hon. Mr. DANDURAND: I have agreed to the suggestion.

Hon. Mr. MacARTHUR: I know, but the sponsor of the Bill tried to rush it through last Thursday, and had it not been for the honourable member from Montarville it would have gone through. There are some very pertinent questions to be asked of the honourable member from Vancouver South (Hon. Mr. Farris) about his appearance before the Privy Council and his contention that the Act was ultra vires. He did not want it applied to the province of British Columbia. Now he comes forward with a measure amplifying the Act, and we desire to know where we stand. I think the honourable member from Montarville is perfectly right in asking to have this order deferred, and I may say it is likely that on Wednesday the discussion will be postponed further, because we are not going to let the third reading pass without understanding the exact situation.

Hon. Mr. DANDURAND: I take it that the honourable gentleman has clear views as to the manner in which the Bill should be amended. If he has, I hope he will communicate them to me before Wednesday, so that I may be able to answer him. On Wednesday I shall take charge of the Bill.

Hon. Mr. MacARTHUR: I have been here since Thursday last, and have been unable to find either the honourable senator from Vancouver South (Hon. Mr. Farris) or the honourable leader on this side (Hon. Mr. Dandurand) in order to suggest a system of compromise which would meet with the approval of the Minister of Finance and the House of Commons. This Bill cannot go through as it is.

The motion stands.

SHOP CARDS REGISTRATION BILL

MOTION FOR SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 22, an Act respecting the Registration of Shop Cards by Labour Unions.

He said: I presume that honourable senators have read this short Bill and the explanatory notes that appear therewith, but I desire to make the following statement of the reasons for the proposed legislation.

In 1927, by an amendment to the Trade Mark and Design Act, provision was made for the registration under that Act of union labels by labour unions. By the Unfair Competition Act, 1932 (22-23 George V., c. 38), the sections of the Trade Mark and Design Act relating to trade marks and union labels were repealed. The definition of "union label" which had been inserted in the Act of 1927 was not included in the definition section of the Unfair Competition Act. The Unfair Competition Act defines "trade mark" as follows:

> "Trade mark" means a symbol which has become adapted to distinguish particular wares—
>
> —I emphasize the expression "wares"—
>
> —falling within a general category from other wares falling within the same category, and is used by any person in association with wares entering into trade or commerce for the purpose of indicating to dealers in, and/or users of such wares that they have been manufactured, sold, leased or hired by him, or that they are of a defined standard or have been produced under defined working conditions, by a defined class of persons, or in a defined territorial area, and includes any distinguishing guise capable of constituting a trade mark.

The terms of the Unfair Competition Act deal with marks associated directly with wares. Certain labour unions, the members of which engage, not in the direct production of wares, but in the performance of services, have represented it to be desirable that they should be afforded the privilege of registering their distinctive designs, which are usually known as "shop cards." This is desired in order that business establishments which employ members of these unions for the performance of services may be enabled to use, by arrangement with the unions, the union shop cards, and also that provision may be made to prevent unauthorized use of the cards. Illustrations of unions affected are the unions of workmen engaged in scene-shifting in theatres, of operators of motion picture machines, and of barbers. The number of unions affected is not large.

The Unfair Competition Act was drawn to deal with trade marks associated with wares as defined in that Act, and in its drafting regard was had to the terms of the international convention relating to industrial property. It was therefore deemed expedient not to propose an amendment to that Act to deal with this particular matter, but to set up a separate system of registration.

It is not contemplated that the setting up of the register will mean the employment of any additional officers or clerks, since the administration of the Act will be added to the

duties of one of the existing branches of the Department of the Secretary of State.

A question having been raised as to the constitutional validity of the Bill, an opinion was obtained from the Department of Justice, which approved the proposed legislation. It was also approved by our Law Clerk.

The particular sections of the Bill were based largely upon the old provisions of the Trade Mark and Design Act which were repealed in 1932, and upon the terms of the Unfair Competition Act relating to appeals, cancellation of trade marks, and the expunging or varying of any entry in the register.

Though the Bill was introduced by the Secretary of State and it is intended that the Act shall be administered by him, the Bill was prepared after full consultation with officers of the Department of Labour, which department had considered representations from some of the labour unions.

Up to 1932 the privileges now granted under this Bill to a certain number of unions for services they render were in existence under the Trade Mark and Design Act, but by the amendment made in that year "trade mark" was defined in such a way as to remove the facilities which the unions had previously possessed for registering their union labels. It has been deemed opportune, therefore, to bring in a separate measure to restore those privileges.

I may say that these shop cards can be posted in certain shops only with the consent of the proprietor and, of course, of the union. The purpose of the cards is to indicate to the people that the shop comes under certain union regulations.

Right Hon. Mr. GRAHAM: It is a union shop.

Hon. Mr. DANDURAND: It is a union shop. No difficulty followed the giving of this privilege to these few organizations in the past, and they are now asking that the right to use shop cards, which is in question by reason of the Act of 1932, be restored.

With these explanations I move, seconded by the Right Hon. Mr. Graham, that the Bill be read the second time.

Hon. Mr. BEAUBIEN: Is the request made by a large number of unions?

Right Hon. Mr. GRAHAM: I think only a few were left out.

Hon. Mr. DANDURAND: It is asked by those who come under the definition in this Bill. They are not numerous. The marks referred to are placed not upon any article, but upon a card, to indicate that the shops are recognized by the union.

Hon. C. C. BALLANTYNE: Honourable senators, I must confess at once that I have had only a few minutes in which to give a cursory glance at this Bill and the debates on it in another place. I am going to impose upon the good nature of the honourable leader of the Government by asking that the second reading be postponed until to-morrow. This is a very technical and involved Bill, and, notwithstanding the opinion the honourable leader has just given us, I have noticed in reading what took place in the other House that the former Secretary of State contended strongly that the Bill was not valid.

Hon. Mr. DANDURAND: Who took that ground?

Hon. Mr. BALLANTYNE: The Hon. C. H. Cahan. Therefore I think it would be only fair that so important a Bill should stand until to-morrow; and I hope that when it receives the second reading it will be referred to the Committee on Banking and Commerce. The Bill, besides being technical and involved, is very far-reaching. I hope the leader of the Government will agree to my suggestion.

Hon. Mr. DANDURAND: I have no objection to the second reading of the Bill being postponed until to-morrow. This will give my honourable friend time to read the whole of the debate which took place in the other House, and in which he will find that Right Hon. R. B. Bennett was not of the same opinion as Mr. Cahan. Not only did the right honourable Leader of the Opposition in the other House support the principle of the Bill, but he declared that it did not admit of great controversy. He said, as reported in the House of Commons Debates of February 24, at page 837:

> The statute of 1932 was one dealing with unfair competition, its purpose being to give effect to the terms of an international arrangement. I had not thought, until the Minister said so, that the effect of the passing of that statute was to lessen the right to register under the Trade Mark and Design Act. If the Minister says he is advised that the effect of the passage of that Act, based upon the international arrangement, was to repeal the right that had theretofore existed, obviously it is the duty of this Parliament to reinstate that right.

I may say the Department of Justice has expressed a favourable opinion as to the constitutionality of the measure; and our Law Clerk, whose report I have before me, concurs in that opinion. Still it will be quite agreeable to have the debate adjourned, if my honourable friend from Alma (Hon. Mr. Ballantyne) will make a motion to that effect.

Hon. Mr. COTE: If the opinion from the Department of Justice is not a long document, would the honourable leader of the House (Hon. Mr. Dandurand) place it on record, so that we may read it in the Debates to-morrow?

Hon. Mr. DANDURAND: It is the opinion of Mr. Edwards, Deputy Minister of Justice, as expressed in a memorandum to the Minister. Mr. Edwards says:

Referring to the remarks of Hon. Mr. Cahan at page 887 of Hansard for 25th February, 1938, to which you directed my attention, I have examined the provisions of Bill 22, "An Act respecting the Registration of Shop Cards by Labour Unions," from the standpoint of their constitutional validity, and beg to advise you as follows:

I am of opinion that the Bill is within the legislative competence of Parliament. If the Bill is regarded as dealing with trade marks, which I think it does not, its validity is supported by the reasoning of Lord Atkin in delivering the judgment of the Judicial Committee of the Privy Council in the recent reference as to the validity of the Dominion Trade and Industry Commission Act, 1935, and the more recent remarks of the Chief Justice and Mr. Justice Davis in the reference to the Supreme Court of Canada concerning the validity of three bills passed by the Legislative Assembly of Alberta.

I am of opinion that the purpose and effect of the Bill is to vest in certain labour unions a copyright which they do not now enjoy, and that the validity of the Bill is supportable on the ground that it is copyright legislation within the meaning of section 91 (23) of the British North America Act.

Hon. Mr. BALLANTYNE: I am sure honourable members have the greatest respect for the extraordinary legal mind that the former Secretary of State, Hon. Mr. Cahan, always exhibits when he speaks on matters coming before the other House. From what I have read, it appears that he holds strongly to the view that this Bill does not come within the competence of the federal authority; on the contrary, he says that it deals with a matter that is within provincial jurisdiction. I am very much obliged to the honourable leader of the Senate (Hon. Mr. Dandurand) for agreeing to have second reading stand over until to-morrow. I move adjournment of the debate.

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

COPYRIGHT BILL

REPORT OF COMMITTEE

Hon. W. A. GRIESBACH moved concurrence in the report of the Standing Committee on Banking and Commerce on Bill 12, an Act to amend the Copyright Amendment Act, 1931, and the Copyright Act.

Hon. A. C. HARDY: Honourable senators, I am not seeking to delay further the progress of this Bill through the Senate, and I am especially desirous not to hold up concurrence in the Banking and Commerce Committee's report. The measure has been before that committee for some weeks and has been the subject of consideration at numerous sittings. I am sure the committee has given it every possible thought, except what I consider the right thought in some directions. But I feel bound to refer to one mistake that I think has been made by the committee's introduction of a new clause, No. 4, which provides for adding a new subsection, 6a, to section 10B of the Act.

Before discussing that I want to make two points, to prevent misunderstanding of the rest of my remarks. One is that I quite realize that, as was stated in the committee, a large part of the Act depends upon this clause. But if the clause is an evil one and founded in iniquity, then, I think, the whole Act would partake of the same fault. My second point is that I am not going to dispute in any way the rights of the Canadian Performing Right Society to certain proprietorship in copyrights and its right to collect fees therefor. There is in a good many directions a feeling that this society is here merely to exploit the public in connection with production of music. I have no brief for the society and I am not going to discuss its rights or wrongs, except to say that under the Berne Convention and other copyright conventions, as well as under our own laws, it is entitled to collect fees. But I do object, and very strongly, to section 4 of this Bill, which reads in part as follows:

Section ten-B of The Copyright Amendment Act, 1931, as amended by chapter twenty-eight of the statutes of 1936, is amended by adding thereto, as subsection 6a the following:

(6a) In respect of public performances by means of any radio receiving set or gramophone in any place other than a theatre which is ordinarily and regularly used for entertainments to which an admission charge is made, no fees, charges or royalties shall be collectable from the owner or user of the radio receiving set or gramophone, but the Copyright Appeal Board shall, so far as possible, provide for the collection in advance from radio broadcasting stations or gramophone manufacturers, as the case may be, of fees, charges and royalties appropriate to the new conditions produced by the provisions of this subsection and shall fix the amount of the same.

This simply means that certain classes of business people, including the palace hotels from coast to coast, great restaurants, beverage rooms, beer parlours, barber shops and even bootblack stands, which install radio

receiving sets or gramophones for the purpose of attracting more customers, will be relieved of paying a fee for the music they use. The radio or gramophone, in every such case, represents an investment by these business people, which they have made with a view to increasing their clientele or trade. I cannot understand, therefore, why they should not pay a fee for the music. But, instead, this Bill requires that the fee be paid by the broadcasting stations—people or companies with whom these hotels and other business firms have no privity of contract and no relation whatever. Indeed, the broadcasting companies may be entirely unaware of the existence of these other concerns.

I have said that the new section would exempt palace hotels from paying the fee. I refer to such hotels as the Royal York, at Toronto, and the Mount Royal, at Montreal, each of which has hundreds of radio receiving sets under its roof. The fees for the music received over these sets would have to be paid by the broadcasting stations. Even ships would be exempt from the fee. For instance, large ships of the Canada Steamship Lines are equipped with radio receiving sets and gramophones for the amusement of their passengers. Why should the broadcasting station have to pay fees for the music which is used to build up the steamship company's business?

I should like to trace briefly the history of a class of broadcasting which is done by means of what is known as electrical transcription. For this purpose records are used, similar in appearance to gramophone records, though much larger, some of them running to about two feet in diameter. These are leased from operating companies, most of which I think are established in the United States, the trade in Canada not being large enough to warrant the setting up of a factory here. The leasing is expensive, an ordinary small station being charged about $100 a month. First of all, the manufacturers of these records have to pay a copyright fee to the Performing Right Society in the United States; then, when the record is put on the air, the broadcasting station has to pay a fee; and, lastly, a fee is imposed upon those hotels, saloons, barber shops or other places which receive the music for their customers. This last class the Bill would exempt from any payment at all, the burden being transferred to the broadcasting stations, which already are saddled with two fees for the music they use, for in addition to the fee they pay direct there is another included in the price they pay the manufacturers of the records.

I should like honourable senators to consider the injustice of assessing broadcasting stations with fees for music received by business firms through radio sets which they have installed as commercial investments. It simply means compelling certain parties to shoulder the debts or obligations of others. I cannot call to mind any bill that has ever gone through this Senate, at least since I have been here, which is at all parallel to this one. The only measures in any way comparable with it are some which have been passed by the Province of Alberta. I have carefully compared the Home Owners' Securities Act, passed by the Alberta Legislature, with this Bill, and I think it is on absolutely parallel lines. All I can say is, if this measure goes into force, the Premier of Alberta will certainly rejoice when he sees the Parliament of Canada following so closely in his footsteps. I do not suppose such action could come at a more opportune time for him, when he is carrying on a campaign in a neighbouring province and trying to bolster it up with legislation just like this. He will now be able to say that at least the Senate of Canada is passing exactly parallel legislation.

Hon. Mr. CASGRAIN: My honourable neighbour to my left (Hon. Mr. Hardy) says he knows of no law like this Bill. That statement is candid, but not conclusive.

Hon. F. B. BLACK: Honourable members, I want to express my regret both to the Banking and Commerce Committee and to this House that I was not in my place to hear the concluding discussion on this Bill. I remember very distinctly the arguments adduced a week ago, when the Banking and Commerce Committee sat until midnight. I recall particularly the brief read by Mr. Gladstone Murray, which I thought was the best presentation of that side of the case referred to by my honourable friend from Leeds (Hon. Mr. Hardy). As a member of the committee I thought that he had a just case and that his recommendations should have been considered favourably. I am not criticizing the committee's decision, for I was not present to hear what was said; but it does seem to me to be entirely unjust to impose on the Canadian Broadcasting Corporation the duty of collecting fees for the Performing Right Society when that society can collect them for itself. In my view there is no valid reason why the broadcasting company should collect those fees. It is true the Performing Right Society, if not directly, at least by implication, stated that the fees collected from the small performing houses, such as shoe-shine parlours, small hotels and dance halls, were so low that it did not pay the society to collect them, but that is no reason why it should ask that the C. B. C. be made a

collecting agency. If the corporation is required to do collecting work, the probabilities are that next year it will ask that the radio licence fee be increased to $3 or even to $3.50. The corporation must get money either by a grant from Parliament or by fees from those who own radios.

I have been referring solely to the Canadian Broadcasting Corporation; but the small broadcasting stations all over Canada will be similarly affected. There are seven or eight stations in the Maritime Provinces, and there are several in Quebec and Ontario. They, too, would have to collect fees for the Performing Right Society. That is wrong. The society should collect its own fees. It is entitled to a fee for the use of its property just the same as any merchant is entitled to charge and collect for the goods he sells, or a railway company or steamship company to collect passenger fares and freight charges. I should not desire to take anything away from the society, but, I repeat, I think it is unfair to put upon the Canadian Broadcasting Corporation and the small broadcasting stations all over the country the onus of collecting fees. The society itself admits the fees are scarcely worth the cost of collecting; but that is by the way, and it does not affect the principle involved here, for even if the fees do not pay the cost of collection, that is no reason why the Canadian Broadcasting Corporation and the other broadcasting stations should become collecting agencies for the society.

I shall vote against the Bill while that provision remains in it.

Hon. Mr. HARDY: May I correct my honourable friend, if I understood him to say that the broadcasting stations collect fees from the users of copyright music. That is not the point. I do not suppose the broadcasting stations would object to that. They are not required to collect from the small users, of whom there are some 50,000; they must pay those fees out of their own pocket, and there is no possible way in which they can reimburse themselves.

Hon. Mr. BLACK: I did not at all misunderstand my honourable friend. Instead of collecting the fees from those who should pay them, the Performing Right Society collects them direct from the broadcasting companies. I may not have expressed my ideas in precise terms, but my honourable friend and I are in agreement.

Hon. CREELMAN MacARTHUR: Honourable members, I am in perfect agreement with the honourable member from Westmorland (Hon. Mr. Black) and the honourable member from Leeds (Hon. Mr. Hardy), but I must say I had the same understanding as the latter gentleman of the remarks of the honourable senator from Westmorland. The broadcasting companies are in no sense collectors, but in the end they are the goats. I should have no objection to the small users being exempt from payment of any licence fees, but I agree with both honourable members that it is very unfair, while exempting such users, to place the burden of payment on the broadcasting stations, which already are working under a heavy handicap.

Many strong protests have been received. I do not know why the amendment was inserted in the committee and why my good friend from Leeds did not get more support when he brought the matter up there. I was not on the committee. This Bill should not go through in its present form. It is not fair to the broadcasting stations to exempt the small users from payment of nominal fees, multiply those fees by the hundred and add the total to the already very heavy fees which the broadcasting stations are now paying. In most cases the broadcasting station is performing a community service. It gives the news free and co-operates with every local charitable organization. Why this provision should be inserted I cannot understand.

Hon. J. A. CALDER: Honourable senators, I must confess I do not understand the matter at all.

Hon. Mr. MacARTHUR: Hear, hear.

Hon. Mr. CALDER: It is exceedingly difficult for me to follow the discussion. In the first place we are told the broadcasting station is forced to collect; then we have the statement that the broadcasting station does not collect anything.

Hon. Mr. HARDY: They cannot collect it.

Hon. Mr. CALDER: Now we get a further statement that the small fellows are exempt. So we have three statements before us at the present time.

Hon. Mr. HARDY: Under this Bill they are exempt.

Hon. Mr. CALDER: My difficulty is this. Here is a barber shop, we will say, down town, with a gramophone in it. Four or five fellows drop in for a shave, and one of them turns on the gramophone, and it happens to be a piece of copyright music. Some person has a right to be paid for the use of that music. But how in the world are you going to get that

barber to pay for having the machine turned on for a few minutes, or, at most, half an hour?

Hon. Mr. HARDY: Why is the gramophone there?

Hon. Mr. CALDER: To amuse people, I suppose.

Hon. Mr. HARDY: That is it exactly.

Hon. Mr. CALDER: But how in the world are you going to collect a fee? There are thousands of barber shops throughout Canada.

Hon. Mr. HARDY: Right along they have been paying a small fee, collected by the Performing Right Society.

Hon. Mr. CALDER: The gramophone is there; you can see it.

Hon. Mr. DUFF: Does not the barber, when he buys the record, pay for the right to play that tune?

Hon. Mr. CALDER: I cannot admit that.

Hon. Mr. DUFF: Why not?

Hon. Mr. CALDER: The record man paid for the right to put it on his gramophone. But we will take the case of radio. I have a radio broadcasting station, and I broadcast—

Hon. Mr. HARDY: Where is it?

Hon. Mr. CALDER: I am assuming. Then there is some little fellow away out hundreds of miles in the wilds who happens to have a radio. Because he uses that radio to amuse some of his friends in the evenings, someone is going to collect a fee from him.

Hon. Mr. DANDURAND: Not from the private individual.

Hon. Mr. CALDER: Then in the little store in the village.

Hon. Mr. DANDURAND: That is a public performance.

Hon. Mr. CALDER: Now you say the broadcasting station has to pay on how many? One hundred, five hundred, a thousand?

Hon. Mr. HARDY: It is fifteen thousand.

Hon. Mr. CALDER: How do they estimate it?

Hon. Mr. DANDURAND: The arbitral board.

Hon. Mr. CALDER: It decides?

Hon. Mr. DANDURAND: On a tariff.

Hon. Mr. CALDER: The impression I got from my honourable friend is that if he has a broadcasting station and he puts on a certain copyright tune, every radio that puts on that tune has to pay a fee. Is that correct?

Hon. Mr. HARDY: Only if it is what is called a public performance. It might be in a barber shop or in a big theatre.

Hon. Mr. CALDER: Must there be an entrance fee?

Hon. Mr. HARDY: Not necessarily. Under the law it is called a public performance.

Hon. Mr. CALDER: Suppose a man invites a dozen persons into his home to listen to his radio.

Hon. Mr. HARDY: That is a private performance; but in the barber shop the performance is public. I may say that the Canadian Performing Right Society is very efficiently managed, and if there is a radio in a store, a barber shop or a big hotel, the society knows it and collects its fees.

Hon. Mr. CALDER: How can you as the owner of a broadcasting station ascertain what you have to pay?

Hon. Mr. HARDY: We cannot. It will be ascertained by some persons here in Ottawa, who will act on representations from the Canadian Performing Right Society. How they are going to get at it God only knows. It will be the wildest kind of guess, but it will represent a good deal of money.

Hon. J. T. HAIG: Honourable senators, maybe I can help some of my honourable friends to get at the facts.

Hon. Mr. LYNCH-STAUNTON: Cannot the bootblack shut off the broadcasting station?

Hon. Mr. HAIG: Certainly. Let us get at the facts; then I think we shall be in a better position to reach a decision. The Bill as it came to us from the House of Commons provided for a catalogue registration of all copyright pieces owned by the Performing Right Society. The society said this was an impossibility. It is already obliged to file a memorandum of ownership. For instance, it may say, "The Society owns the Canadian copyright of the Pirates of Penzance," and so on. It asserts it has done so in regard to 150,000 pieces that it owns or controls. All the societies with which the Canadian Performing Right Society is affiliated own or control about two and a half million pieces. They come into Canada under the copyright amendments put through in 1931. In the United States they have to register, and to pay $2 for every registration. They do not have to do so in Canada. We require them

just to file this memorandum, which secures them their copyright.

Hon. Mr. DANDURAND: The honourable gentleman should explain that the United States are not under the Berne Convention.

Hon. Mr. HAIG: I am coming to that. Great Britain, Germahy, Italy, France and Canada—there are other countries, but I cannot recall them at the moment—do not require any of these copyright pieces to be registered. Great Britain requires certain formalities, such as filing two copies of the copyright, one for preservation in the British Museum. In France there is a similar requirement in regard to depositing a copy in the Louvre, and so on.

The sponsor of the Bill in the House of Commons suggested that the Performing Right Society file a catalogue of all the pieces of which it owns and controls the copyright. The broadcasting stations have to pay the Performing Right Society so much, and the amount is fixed by a board composed of three men, Mr. Justice MacLean of the Exchequer Court, Mr. E. H. Coleman, Under-Secretary of State, and Mr. Justice Parker.

Hon. Mr. CALDER: When the broadcasting stations pay, do they pool their payments?

Hon. Mr. HARDY: Yes.

Hon. Mr. HAIG: Yes. It is worked out at eight cents for each radio in Canada. For 1938 it will amount to about $83,000. I speak subject to correction.

Hon. Mr. LYNCH-STAUNTON: That is, the broadcasting corporation pays?

Hon. Mr. HAIG: The broadcasting stations all together pay that money to the Performing Right Society.

Hon. Mr. ROBINSON: That does not include the B. B. C.?

Hon. Mr. HAIG: No; that includes only Canadian stations. My honourable friend says there are eight in the Maritime Provinces. They are apportioned a certain amount of that $83,000. Under the board's decision the Performing Right Society is allowed eight cents for every radio in Canada. The society asked for fourteen cents. The Bill as it came from the Commons did not provide for any charges like this at all. The society was to file a catalogue of all the copyright pieces it owned or claimed to own.

Hon. Mr. LYNCH-STAUNTON: What good would that do to us?

Hon. Mr. HAIG: I shall come to that in a minute. If I am a small restauranteur and pay $2.50 for a radio in my restaurant, and I happen to tune in on a piece of music the copyright of which is owned by the Performing Right Society, under the present law the society can make me pay another fee for that broadcast.

Hon. Mr. LYNCH-STAUNTON: Why should the society not do so?

Hon. Mr. HAIG: Because it has already been paid once. I have to pay for that broadcast in my restaurant, but not for the same broadcast in my house.

Hon. Mr. DUFF: That is ridiculous.

Hon. Mr. HAIG: I know it is ridiculous. In accordance with the Berne Convention, if there is any fee for that extra broadcasting to the restauranteur, and if it is of any value to the Performing Right Society, then the society can collect it. Here is what Judge Parker said in his report of March, 1935, with regard to these small users:

> This Commission agrees with Mr. Mills when referring to such small users of music, that the use has no commercial value. Generally speaking, where the cost of selling a licence is $29.60, which is the cost given by the society, no return to the author, composer and publisher can ever be derived from this source. When it becomes necessary to impose a minimum fee, it is an admission that the licence has little commercial value, and the Commission is of opinion that the society, from the standpoint of the interest of the members of its parent societies, should take this into consideration. As long as the microscope is used to locate the small user, so long will the society's cost of operation be unduly high.

When we say in this Bill that the fee of the Performing Right Society to the small owners is to be fixed by the commission on the basis of value, the cost of collecting the money should be taken into account. Judge Parker says that the use by small users has no commercial value. I should have liked the clause to stop at line 31, so as to allow the collection of the fee from nobody. But the Law Clerk of the Senate and the Department of Justice say that unless we put in the clause which follows, the section will conflict with the Berne Convention. I have had the help of Mr. O'Connor in going over the Bill, and it appears to me that the clause would be safer if we struck out the last part of it.

My honourable friend (Hon. Mr. Lynch-Staunton) asks why cards should be filed. I am a lawyer and if a client came in to me and said, "I should like to know whether I am liable to pay a fee to the Performing Right Society when I turn on the radio in my

restaurant," I should be unable to tell him. Why? Because there are only 150,000 works registered here at Ottawa, and the organizations with which the society is affiliated own 2,500,000.

Hon. Mr. LYNCH-STAUNTON: A great proportion of them are never used.

Hon. Mr. HAIG: I do not know whether a particular composition is theirs or not; so I cannot tell my client. Then, if the society takes him into court, the onus is on him to prove that it does not own the composition. That is the present law, and it is not right. I am pointing that out to show the difficulty that exists in this country with respect to this law. As Judge Parker says, it is the small user, whose licence has no commercial value, who has caused the uproar all over Canada. At the present time the commission fixes the amount the broadcasters must pay at eight cents per station. This year the Performing Right Society will get a very much larger fee, because the Government has said that if you have two or three or four radios in your house you must pay $2.50 for each one of them, and the Performing Right Society will receive eight cents for every receiving set.

Hon. Mr. LYNCH-STAUNTON: For a year?

Hon. Mr. HAIG: For a year.

Hon. Mr. CALDER: As I understand the honourable gentleman's statement, the proposed law leaves the situation as it was before.

Hon. Mr. HAIG: Legally, yes.

Hon. Mr. CALDER: The broadcasting companies will still pay the eight cents unless the board increases the amount.

Hon. Mr. HAIG: If it is found that to the Performing Right Society there is any value in the small users, that is, if the society could collect fees from them to a greater amount than the cost of collection, the broadcasters will have to pay for that value.

Hon. Mr. CALDER: How will they ever get it?

Hon. Mr. HAIG: I am telling you they will never get it. The Performing Right Society makes them pay.

Hon. Mr. LYNCH-STAUNTON: How?

Hon. Mr. HAIG: I will tell you. Not long ago a Chinaman in Winnipeg turned on some music, and the society said he should pay a $25 licence fee. It took him into court and won its case and got costs against him.

During the last election I went into a hotel in Miami, Manitoba, with a friend, and I said to him, "Let us turn on the radio and get the news." The hotel proprietor had to pay a fee of $30 to get that radio program, and it has been said that it cost $29.60 to collect it.

Hon. Mr. LYNCH-STAUNTON: I pay $2.50 for my radio. If I happened to turn on something or other that was copyrighted, should I have to pay for doing so?

Hon. Mr. HAIG: No. Your radio is in a private house.

Hon. Mr. LYNCH-STAUNTON: Well, if I were a bootblack?

Hon. Mr. HAIG: You would pay a licence fee.

Hon. Mr. LYNCH-STAUNTON: How much?

Hon. Mr. HAIG: It was $30. I think it is now $5.

Hon. Mr. LYNCH-STAUNTON: If I turn on a program for one night?

Hon. Mr. HAIG: Yes, sir. I think it is now $5.

Hon. Mr. HARDY: I think the fee is set at about $10.

Hon. Mr. HAIG: It states here in the Parker report that the minimum fee is $30.

Hon. Mr. LYNCH-STAUNTON: Is the society going to stick a broadcasting station for that?

Hon. Mr. HAIG: It depends on the board.

Hon. Mr. LYNCH-STAUNTON: Does not the bootblack's liability depend on the board too?

Hon. Mr. HAIG: No.

Hon. Mr. HARDY: It depends on the value.

Hon. Mr. HAIG: It depends on what Senator Hardy's station will have to pay.

Hon. Mr. LYNCH-STAUNTON: That will ruin him. You say it is $10 a piece?

Hon. Mr. HAIG: It is $10 a piece if the society collects it. It cannot collect that unless the board says it can, and we say the board must first take into consideration the cost of collection.

Hon. Mr. GRIESBACH: Can the honourable gentleman say from the evidence he has put before us that the broadcasting stations will have to pay anything in addition to what they are now paying, regard being had to the fact that these fees are not collectable or are not worth collecting? Does he say the complaint set forth by the honourable

senator from Leeds (Hon. Mr. Hardy) is without very much foundation?

Hon. Mr. HAIG: Correct.

Hon. Mr. GRIESBACH: And consequently his particular grievance is at an end.

Hon. Mr. HAIG: I am only going by what Judge Parker says.

Hon. Mr. GRIESBACH: And he says the cost of collection is so high that it is not worth while to collect. So when it comes to assessing the value against the broadcaster, there will be no charge.

Hon. Mr. HAIG: I admit that; but I do not want the House to be under any misapprehension in regard to this matter. I do not think there is much occasion for the nervousness of the honourable senator from Leeds (Hon. Mr. Hardy).

Hon. Mr. LYNCH-STAUNTON: Why, in your opinion, should he pay at all?

Hon. Mr. HAIG: I do not say he should, but in order to comply with the Berne Convention we have to provide machinery so that the fees may be paid, if there is anything to pay.

Hon. Mr. LYNCH-STAUNTON: I cannot see it.

Hon. Mr. HAIG: I have tried to explain why this clause was put in. Music and drama were exempted, and the Department of Justice said there was a conflict with the Berne Convention. But in this case there is no conflict, and I would ask the House to consider the amendments of the committee and let the Bill go back to the other House for consideration.

Hon. Mr. MURDOCK: Honourable senators, I had intended, until this discussion started, to offer an amendment to clause 1 of the Bill; but now I do not think I shall do so.

The question of what constitutes a list has caused a great deal of discussion. I have here evidence to show what, for the purpose of filing with the board here in Ottawa, constitutes a list. Subsection 1 of section 10 says:

> Each society, association or company which carries on in Canada the business of acquiring copyrights of dramatico-musical or musical works or of performing rights therein, and which deals with or in the issue or grant of licences for the performance in Canada of dramatico-musical or musical works in which copyright subsists, shall, from time to time, file with the Minister at the Copyright Office lists of all dramatico-musical and musical works, in current use in respect of which such society, association or company has authority to issue or grant performing licences or to collect fees, charges or royalties for or in respect of the performance of its works in Canada.

The report that we have before us for consideration recommends the continuation of that subsection just as I have read it. Although I was not a member of the Banking and Commerce Committee, I have been of the opinion all through the discussion that the list heretofore filed was simply a farce, and I have here a letter which I want to place on record to show members of the Senate what constitutes this list. I have heard, and I think it has been repeated here tonight, that the Performing Right Society had saved $2,000,000 by not filing certain works and paying the fee of $1 for each copyrighted work filed.

Hon. Mr. COTE: The fee is two dollars in Canada.

Hon. Mr. MURDOCK: Here is a letter which speaks for itself:

Ottawa, May 23, 1938.

Sir,—

Referring to our telephone conversation this morning, I beg to transmit herewith six of the cards filed by the Canadian Performing Right Society Limited, showing works over which they claim authority to issue or grant performing licences.

An explanation of these cards is as follows:

Colour of Card

White—Works in the repertoire of The Performing Right Society, Limited, England.

Salmon—Works in the repertoire of the American Society of Composers, Authors and Publishers.

Buff—Works in the repertoires of affiliated foreign societies.

Card Number

I Original works.
II Unpublished MSS.
III Arrangements.
IV Instrumental excerpts from operas and musical plays.
V A vocal and instrumental excerpt from an opera.

Will you be good enough to return these cards directly to me when they shall have served your purpose?

Your obedient servant,
(Signed) J. T. Mitchell,
Commissioner of Patents.

Now here is a list as filed by the Performing Right Society. It is merely a card. Card No. 1 reads:

Title.. .. ..Abade Fleurie
Author.. .. ..——
Composer.. .. ..L. Ganne
Publisher.. .. ..Emil Ascher, Inc.
Date of filing at Ottawa..Jan. 30, 1933.

Evidently another system was later on adopted, for Card II, which is dated in December, 1936, reads:

Title.. .. ..Babillage
Author.. .. ..——
Composer.. .. ..G. Esposito
Publisher.. .. ..——
Date of filing at Ottawa..14th Dec. 1936.

And at the bottom:

Filed by Canadian Performing Right Society, Ltd., Toronto.

Now, that is what constitutes a list. As I said when I started to speak, I had intended to move an amendment to put some words in front of the word "lists" in order to make it more definite than it is.

Hon. Mr. GRIESBACH: Are you attaching some significance to the absence of the name of the author, for instance?

Hon. Mr. MURDOCK: I am attaching significance to the fact that this appears to be a very peculiar list. I realize that in some cases the Performing Right Society may be representing the author.

Hon. Mr. GRIESBACH: The words "composer" is used as well as "author." The composer writes the music, and if there are no words attached to it there is no author.

Hon. Mr. MURDOCK: I know. The society seems to have cards to cover anything. The point I make is that it has already been released from the payment of $2 a piece for the right to file these.

Hon. Mr. DANDURAND: It was not obliged to file.

Hon. Mr. MURDOCK: At any rate, it seems to me that it has been getting the best of the deal all the way through. And this is what is supposed to be a list. It would not constitute a list as I understand it. There is no signature.

Hon. Mr. GRIESBACH: I should like to get at what is in the honourable gentleman's mind. What information does he want that is not now given on the cards?

Hon. Mr. MURDOCK: The amendment I intended to move was to insert the two words "duly certified."

Hon. Mr. GRIESBACH: Certified by whom?

Hon. Mr. MURDOCK: By the Canadian Performing Right Society, I presume, because it is the concern that is doing the business, and that is being relieved of the payment of $2 for each piece filed.

Hon. Mr. GRIESBACH: Does the name not appear on the card?

Hon. Mr. MURDOCK: On the bottom of the cards in 1935 and 1936 are the words, "Filed by Canadian Performing Right Society, Limited, Toronto." The cards that I have here for 1933 do not bear those words at all. I presume it would be said those words were tantamount to a signature after 1935. But the point is this: Are these certified lists from a concern that is charging the Canadian public for the use of these works?

Hon. Mr. CALDER: On one of those cards —in fact, on two or three of them, I think —there is reference to a whole group.

Hon. Mr. MURDOCK: Three of these cards were filed in 1933, two in 1935, and one in 1936. I can read them all, if my honourable friend wishes me to.

Hon. Mr. CALDER: No. I think there are two or three that cover in a general way all the copyrights held.

Hon. Mr. MURDOCK: I think not.

Hon. Mr. CALDER: You spoke of a repertoire.

Hon. Mr. MURDOCK: Yes.

Hon. Mr. CALDER: That is like a portfolio.

Hon. Mr. MURDOCK: I read the word "repertoire" from the Act, I think.

Hon. Mr. CALDER: How does the card read?

Hon. Mr. MURDOCK: Here is one:

Title.. .. ..Faust et Hélène (Isolated vocal excerpts therefrom)
Author.. .. ..——
Composer.. .. ..L. Boulanger
Publisher.. .. ..G. Ricordi & Co.
Date of filing at Ottawa..29th May, 1933.

Hon. Mr. GRIESBACH: You could not have much more information than that, could you?

Hon. Mr. MURDOCK: Well, it never has appeared to me as constituting a list. I am told that these cards arrive in bagfuls, in just that way.

Hon. Mr. GRIESBACH: Yes, but in the department they go into a file allotted to the Canadian Performing Right Society. You have the isolated cards there.

Hon. Mr. MURDOCK: I thought that if we inserted in the Bill the words "duly certified list," we should have something more distinct and definite.

Hon. Mr. GRIESBACH: Who would certify the list?

Hon. Mr. MURDOCK: Who has been around here for the last two months undertaking to handle this matter for the advantage of the Performing Right Society? The president of the concern, I presume.

Hon. Mr. GRIESBACH: If my honourable friend went over to the department and found those cards were taken out of a portfolio which holds all the claims of the Performing Right Society, he would not ask for a certified list then, would he? I am just trying to find out what he is driving at.

Hon. Mr. MURDOCK: What I am driving at is that these cards do not conform with any conception that I have ever had of a list. The Bill says that "a list" shall be furnished.

Hon. Mr. HARDY: This is a card index.

Hon. Mr. MURDOCK: Yes, it may be a card index.

Right Hon. Mr. GRAHAM: It looks more like a loose-leaf system.

Hon. Mr. MURDOCK: Presumably it was satisfactory to the committee. All right, let it go at that.

In regard to the proposed section 4, which has been discussed, I think no harm would have been done if the actual meaning of this amendment had been placed on the record. It seems to me that the discussion shows some misunderstanding. This section proposes that the following be added to the Act as subsection 6a of section 10B:

> In respect of public performances by means of any radio receiving set or gramophone in any place other than a theatre which is ordinarily and regularly used for entertainments to which an admission charge is made, no fees, charges or royalties shall be collectable from the owner or user of the radio receiving set or gramophone, but the Copyright Appeal Board shall, so far as possible, provide for the collection in advance from radio broadcasting stations or gramophone manufacturers, as the case may be, of fees, charges and royalties appropriate to the new conditions produced by the provisions of this subsection and shall fix the amount of the same. In so doing the Board shall take into account all expenses of collection and other outlays, if any, saved or saveable by, for or on behalf of the owner of the copyright or performing right concerned or his agents, in consequence of the provisions of this subsection.

Now, that applies only to what? It applies to "public performances by means of any radio receiving set or gramophone in any place other than a theatre which is ordinarily and regularly used for entertainments to which an admission charge is made," and it provides that in such cases "no fees, charges or royalties shall be collectable from the owner or user of the radio receiving set or gramophone." In the discussion there seemed to be a marked difference of opinion as to whether or not this section would make owners of radio sets and gramophones in private homes liable for these fees. This section relieves places of the kinds therein mentioned from payment of fees, just as new section 2 relieves "any agricultural or agricultural-industrial exhibition or fair which receives a grant from or is held under Dominion, provincial or municipal authority, by the directors thereof."

Some Hon. SENATORS: Question.

Hon. F. B. BLACK: Honourable senators, may I just say a word? When I first spoke I did not go into much detail, because I supposed everyone was fairly familiar with the provisions of the Bill. I felt so myself, except as to these new amendments, which I had not known of before to-day. I am sorry to say that the remarks of the honourable junior member from Winnipeg (Hon. Mr. Haig) did not make these amendments clear to me, nor have the remarks of the honourable senator from Parkdale (Hon. Mr. Murdock) changed the view that I had. For, after all, what these amendments do is to place upon the shoulders of the Canadian Broadcasting Corporation's stations and other broadcasting stations throughout Canada the onus of collecting copyright fees from all small entertainment places, small hotels, barber shops, bootblack stands, and so on, where radio sets are installed.

Hon. Mr. MURDOCK: Will the honourable gentleman pardon me? Surely that does not apply to the bootblack stand or the barber shop. No admission fee is charged at such places.

Hon. Mr. LYNCH-STAUNTON: To whom does it apply?

Right Hon. Mr. GRAHAM: Owners of bootblack stands.

Hon. Mr. BLACK: All these places may have to pay, under that section. It is true that appeals may be made to the Copyright Appeal Board, but why should the board not say that the Performing Right Society is entitled to certain fees, and that broadcasting stations must collect them from all these small users? That would be the logical result of the section, it seems to me. We can pass the section and rely upon the benevolence of the board, but we cannot get rid of the fact that the board would have power to impose upon broadcasting stations the collection of these fees for the society. That would be quite unjust; and besides it would work a

hardship, for many broadcasting companies in Canada are to-day scarcely able to make ends meet. Indeed, some of them are not able to do this. I submit that Parliament should not impose this injustice upon them.

Hon. Mr. HARDY: Honourable senators, may I be allowed a few moments to draw attention to something that was said by my honourable friend the junior senator from Winnipeg (Hon. Mr. Haig)? I read Judge Parker's report, and I noted his statement that radio sets in small shops and so on have no business value. But I want to point out that these receiving sets are used, for purposes of attracting business, in great hotels, on board large steamships, and so on, as I have already mentioned. In any event, the department has set a minimum fee of $10, I think it is, to be imposed against these people whose places of business are open to the public. There are between fourteen and fifteen thousand such places; so the total fees receivable amount to between $140,000 and $150,000. It is true the Parker report says the cost of collection is $29, but that is a mere guess, and without doubt it includes all kinds of administration and head office expenses. I would remind honourable senators that the day after this section was inserted in the Bill Mr. Jamieson, president of the society, stated that the costs of collection were not so great. I have no doubt that a year from now he will say there are no collection costs at all and never were any. If this section goes through, the broadcasting stations, which are already paying $83,000 in fees, will have to be responsible for a large part of this $140,000 in addition. That means for a station now paying fees of $1,000 an assessment of something like $2,500, or more. That will be a very serious increase in its expenses.

Hon. Mr. LYNCH-STAUNTON: Honourable senators, I must confess that I do not understand what this is all about.

Hon. Mr. CALDER: Hear, hear.

Hon. Mr. LYNCH-STAUNTON: The last speaker has said that the broadcasting stations might, under this new section, become liable for a large amount of fees, but the honourable junior senator from Winnipeg (Hon. Mr. Haig) estimated that the fees would not average more than $10 to $30 for each station. I certainly do not like to vote for a Bill which I believe is not understood by half the honourable members of this House.

Section 4 might place an enormous responsibility on the broadcasting stations. If what the honourable member from Leeds (Hon. Mr. Hardy) says is true, the section would be tyranny and oppression. I think we should be better informed before we pass something which might inflict a calamity upon broadcasters.

Hon. Mr. MURDOCK: My honourable friend from Hamilton (Hon. Mr. Lynch-Staunton) is a high-class lawyer. I would suggest that if he read the language of the section he would change his view entirely.

Hon. Mr. LYNCH-STAUNTON: It is all Greek to me.

Hon. Mr. MURDOCK: This section applies only to public performances in any place other than a theatre to which an admission charge is made.

Hon. Mr. HARDY: No.

Hon. Mr. DANDURAND: Honourable senators, I think we all realize that this is a highly technical measure, which affects the copyright conventions of Berne and Rome. I venture to affirm that there are not five honourable members around me who have read those conventions. The honourable gentleman from Hamilton (Hon. Mr. Lynch-Staunton) says the Bill is "all Greek" to him. This is a measure upon which I think few honourable members, despite our long debate, can pass competent judgment unless they have read the necessary legislation bearing upon the Berne and Rome conventions.

I desire simply to remind honourable members that this is not a Government Bill. It has been sponsored by a private member in each House of Parliament. But I have had to keep watch over it, in attempting to see that it did not infringe upon the obligations of the Dominion towards other countries who have jointly signed the Berne and Rome conventions. In addition, of course, as a member of the committee, I had to take a stand and decide what I deemed best in the interests of the parties concerned. The parties primarily concerned are the authors and composers of music. These people are entitled to have their works protected. I am sure that my honourable friend from Parkdale (Hon. Mr. Murdock), who is an ex-Minister of Labour, would agree that the labour of authors and composers is not of the lowest class, and that these people, who are working in their various countries towards a higher civilization, are entitled to some return for their industry and ability. Existing copyright law is based upon the necessity of protecting these works in every country. The other day we had at the Banking and Commerce Committee a representative of the Performing Right Society of France. He told us that while copyright law had been enacted for the

protection of authors, sculptors and various other workers in art, musical composers had not been included. One day two composers happened to go into a restaurant, and while they were having their meal someone was singing some of their songs. The composers enjoyed this singing very much, but when they had finished eating they refused to pay unless they received compensation for their music which had been used during the luncheon. They were brought before the courts, and there it was held that they were quite right in refusing to pay for their meal in the circumstances. They had happened to come along at the opportune moment when their own music was being performed. Hence it was that legislation was enacted to protect the works of musical composers as well as those of other artists.

I will now revert to the section to which allusion has been made by my honourable friend from Leeds (Hon. Mr. Hardy). He thinks it would be particularly harmful to broadcasting stations. When the committee came to consider this matter, it was interesting, just as it had been in another place, to notice that nearly everybody was desirous of protecting the small restaurant keeper, the bootblack, and proprietors of other places where five, ten or fifteen persons might frequently congregate.

Hon. Mr. LYNCH-STAUNTON: The voters.

Hon. Mr. DANDURAND: In a moment of natural sentiment it was decided to exempt these small business people from the copyright fee. Then this sentiment was carried further. It was said, "Well, why not exempt the hotels?" I thought a line would be drawn between small hotels and big ones of, say, three hundred rooms and more. But no. They were all exempted. It was interesting to see the play of private interest at the committee. Shipping companies were represented officially by their lawyers. They said, "Why not exempt us?" And so it came about that the largest steamship companies, whose ships ride the ocean waves, were exempted, just as were those whose boats sail only on our lakes. I boast that I voted against exempting the ship owners. I was wondering what would remain by way of protection for the authors and composers when we were through. These exemptions were a trespass upon the conventions which declare that everyone is entitled to receive payment for his work.

It was suggested then that the Canadian Broadcasting Corporation should foot the bill; that is to say, the music should be paid for at the source. There were two reasons for this. First, it brought this clause into conformity with the Berne Convention, in that we were transferring payments from the small users to the broadcasting stations. There was the other reason, that probably the Canadian Broadcasting Corporation and the other broadcasting stations would not have to pay so much, since it appeared that the Performing Right Society was paying nearly as much for collection as it was receiving in fees from the small users. It was felt that the arbitral board would see that ample compensation was established. As a matter of fact the Bill provides:

> In respect of public performances by means of any radio receiving set or gramophone in any place other than a theatre which is ordinarily and regularly used for entertainments to which an admission charge is made, no fees, charges or royalties shall be collectable from the owner or user of the radio receiving set or gramophone, but the Copyright Appeal Board shall, so far as possible, provide for the collection in advance from radio broadcasting stations or gramophone manufacturers, as the case may be, of fees, charges and royalties appropriate to the new conditions produced by the provisions of this subsection and shall fix the amount of the same.

Now I ask honourable members to pay attention to this proviso:

> In so doing the Board shall take into account all expenses of collection and other outlays, if any, saved or saveable by, for or on behalf of the owner of the copyright or performing right concerned or his agents, in consequence of the provisions of this subsection.

In other words, if it is found that the Performing Right Society has made out a case of what it had a right to collect and did in the past collect from those small users, there shall be deducted from the total amount whatever appears to have been the cost of collection.

Hon. Mr. CALDER: There is no appeal from the decision?

Hon. Mr. DANDURAND: I do not think so. Once every year it can be called upon to revise the amount. I appreciate the danger of the Canadian Broadcasting Corporation being mulcted in a larger sum, and thereby the country at large being obliged to foot the bill, because the broadcasting corporation must have its deficit paid either by appealing to the treasury or by being allowed to charge a higher licence fee to radio users; and the other broadcasting stations may be called upon to pay something more. But you are facing this situation, that if you do not throw upon somebody the obligation to compensate the Performing Right Society—that is, largely, the author and the composer

—you violate the Berne Convention. So, in order to meet the desire of the majority of the committee to exempt the small users, contrary to the convention, it was felt that we should save our faces by throwing the payment upon some other body.

Hon. Mr. HARDY: Very easy.

Hon. Mr. DANDURAND: That is what actuated the committee. I was surprised to find that the steamship companies were making a dead set at this clause in order to save themselves. I turned to the representative of the Performing Right Society and asked him, "How much were you collecting from those steamship companies?" I felt that if the amount was large it would be burdensome on the broadcasting corporation. He answered, "About $1,000." It struck me there was a good deal of noise for the sake of saving a total of $1,000. We were concerned not for the big users, but for the small users, and I felt that $1,000 was a small saving to the steamship companies. But I was reminded that what was worse than to place a burden of $1,000 on other shoulders was to violate the very principle underlying the Copyright Act.

I think I have fairly stated the situation. I realize that if we strike out that clause there will be very little substance in the Bill for those who have been trying to free the small users from the obligation of paying fees.

Hon. Mr. LYNCH-STAUNTON: Will not the larger proportion of the payments come out of the broadcasting stations controlled by the Government?

Hon. Mr. DANDURAND: No; there are private broadcasting stations also.

Hon. Mr. LYNCH-STAUNTON: But Mr. Murray was objecting strenuously to this.

Hon. Mr. DANDURAND: He was speaking for the Canadian Broadcasting Corporation.

Hon. Mr. LYNCH-STAUNTON: That is the Government?

Hon. Mr. DANDURAND: Yes.

Hon. Mr. LYNCH-STAUNTON: Will the Government not have to pay all this money?

Hon. Mr. DANDURAND: The money is collected by the $2.50 licence fee. If that fee does not suffice, then the country makes good the deficit.

Hon. Mr. BLACK: There were other representatives there—

Hon. Mr. ROBINSON: Honourable senators, the discussion has fully justified me in having endorsed the request of the honourable member from Parkdale (Hon. Mr. Murdock) last Thursday that the Bill should be given further consideration. I do not think this is good legislation, nor legislation that the Senate should be proud of.

Hon. Mr. HARDY: It is Aberhart legislation.

Hon. Mr. ROBINSON: If you like to call it such. I do not think we can rely on the argument that there will be very little additional expense to the broadcasting stations because the cost of collection in the past has been almost equal to the value of the fees. We do not know what the future expense will be, and I should not like to trust too much to that argument. I am afraid this provision will cost not only the Canadian Broadcasting Corporation but also the private broadcasting stations all over the Dominion a good deal of money. Many of the small broadcasting stations are not making money. They are performing a very useful public service, and I do not think we should place any greater burden upon them at the present time.

Hon. R. F. GREEN: Honourable senators, I have listened with interest to what has been said both for and against the amendments. It is true that when the Bill reached us from the other House its purpose was to look after the little users. However, I do not feel I am in a position to deal with the arguments, and therefore I move that the order for consideration of these amendments be discharged and placed on the Order Paper for the next sitting of the House.

The motion of Hon. Mr. Green was agreed to.

DIVORCE BILLS

SECOND READINGS

On motion of Hon. Mr. McMeans, Chairman of the Committee on Divorce, the following Bills were severally read the second time:

Bill L2, an Act for the relief of Paul Sanson White.

Bill M2, an Act for the relief of Louise Maud Thomas Gregory.

Bill N2, an Act for the relief of Emma Kathleen Lavery Forester.

Bill O2, an Act for the relief of Edith Margaret Campbell Quinn.

Bill P2, an Act for the relief of Dorothy Maud Doran Gay.

FIRST READINGS

Hon. Mr. McMEANS presented the following Bills, which were severally read the first time:

Bill Q2, an Act for the relief of Kathleen Barnsley Prichard Hartney.

Bill R2, an Act for the relief of Thomas Russell.

Bill S2, an Act for the relief of Marie Marguerite Agnès Marcelle Dupont Ross.

Bill T2, an Act for the relief of Wilfred Augustus Cottle Stead.

Bill U2, an Act for the relief of Celia Caplan Tucker.

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

THE SENATE

Tuesday, May 24, 1938.

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

Prayers and routine proceedings.

APPROPRIATION BILL No. 3

FIRST READING

A message was received from the House of Commons with Bill 122, an Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1939.

The Bill was read the first time.

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of the Bill.

He said: Honourable senators, this Bill has for its object the voting of another one-sixth of the supply for the fiscal year 1938-1939. It covers that proportion of the main estimates and also of the supplementary estimates which were tabled in both Houses of Parliament last week. The amount requested under the main estimates is $39,057,624.49, and under the supplementaries $17,751,572.68. A portion of the supplementaries is included for the purpose of obtaining funds with which to meet expenditures already authorized by enabling legislation. Last year funds were voted earlier in the session. As we have advanced well into the spring, a number of works should be undertaken without further delay; so the other House has unanimously expressed its opinion that one-sixth of the supplementaries should be voted now, reserving the right, of course, as does the Senate, to discuss the advisability of any of these expenditures when the rest of the main and supplementary estimates are being voted. I am asking for leave to move second reading of the Bill to-day, in view of the somewhat pressing conditions.

Right Hon. ARTHUR MEIGHEN: If I heard the figures correctly, one-sixth of the main estimates is $39,000,000 odd, and one-sixth of the supplementary estimates is $17,000,000 odd.

Hon. Mr. HAIG: The total amount of the supplementaries is $106,000,000.

Right Hon. Mr. MEIGHEN: That is astonishing. It means that the supplementary estimates are comparable to the main estimates.

Hon. Mr. DANDURAND: As I stated last week, estimates of money to be expended as our share of relief, or to meet deficits of the Canadian National, instead of being submitted specially, as they were last session, are now comprised in the final supplementary estimates for the current year. Last session we had two supplementaries, but this time we shall have only the one which was tabled in the House of Commons a week ago. This explains the large amount in the supplementary estimates now before us.

Right Hon. Mr. MEIGHEN: But even so, the supplementary estimates are gigantic. What is the reason for that? Would it not be better to have these amounts in the main estimates? The main estimates are becoming just a foretaste, a mere indication, an opener.

Hon. Mr. DANDURAND: The question was discussed in the other House, and it was explained—

Right Hon. Mr. MEIGHEN: Are these supplementaries for new public works—the pump-priming expenditures?

Hon. Mr. DANDURAND: Well, some people may call them so, but the term is applicable to only a very modest degree. Some of the moneys for works to be carried on are in the main estimates, but most of them are in these supplementaries. Not all these moneys are for relief works; a certain proportion will be spent on works that will be productive and will yield a return to the country.

Right Hon. Mr. MEIGHEN: I am expressing just in general terms my own view. I have no objection to public works for relief; that is to say, to anticipatory public works, the anticipatory feature being due to the

necessities of relief; but I have no faith whatever in the policy of public works for pump-priming. I can quite appreciate that it might be wise to proceed now with the construction of some useful public works, such as roads, which are becoming more and more a revenue-bearing asset. The first, and always the first, consideration is that such works are of use and bring returns; a purely secondary consideration is that they provide some work. But, to my mind, no policy can be more unsound than that of seeking by the process of increasing debt to bring about prosperity. One cannot but look at the country to the south. If ever there was an example of a Herculean effort along that line, it was the effort made in the United States in very recent times, with results as plain as anything in this world can be. Immediately after huge expenditures have had their effect, a business turnover of some 65 billion dollars goes down in a short time to 35 billions; and now an attempt is being made, by the spending of 5 billions, to restore that turnover to its old level. The point is that the amount of work taken up by public enterprise is so very small in relation to what can be absorbed by the freeing of individual initiative and of business from some measure of handicap, that instead of going forward by public enterprise you go back. With every accretion of debt you necessarily press more heavily on individual enterprise, with the consequence that you put more people out of work than you put into employment. In one case you get a revenue-bearing asset, and in the other case you do not. I only hope that such expenditures as are made will be somewhat modest, though I do not see anything modest about $106,000,000 as applied to Canada.

Hon. Mr. DANDURAND: But that is not all to be spent on public works.

Right Hon. Mr. MEIGHEN: No. I know that includes relief and other things which formerly were covered in separate estimates. I hope the expenditures will be confined to works of such a nature that they are bound to return the maximum of productivity.

I am only speaking the results of my own thinking. I have no faith in this governmental house-building. Why, in every city of Canada to-day fine residences and modest ones, as well as business properties, are being torn down because their owners are seeking relief from taxes. Winnipeg is a conspicuous instance. In the face of that, surely it is wrong, surely it is diametrically opposed to good economics, for the Government to seek to replace private enterprise in building. The way to get building operations going is to lower taxes, or possibly to pay a share of taxes, and make it worth while for people to build. Just now they are simply standing by, burning for the chance to do that. The trouble is, not a lack of money, but a lack of prospect.

Therefore I urge upon the Government that it confine its pump-priming to very narrow limits, and that within those limits it get the maximum productivity. I mean, not maximum results in the way of construction, but maximum results in the way of doing things that will yield a revenue. As I have said, roads are of such a nature. I also urge that the Government should direct its main effort towards holding down taxation, so that enterprising, courageous people may be enabled to make some progress, or at least may be left free to proceed with their undertakings with some prospect of success.

Hon. Mr. DANDURAND: My right honourable friend is pretty much of the same mind as the Minister of Finance.

Right Hon. Mr. MEIGHEN: I am glad to hear that. I suspected it.

Hon. Mr. DANDURAND: The Minister of Finance, standing very close to the treasury, is most interested in seeing that our expenditures can be met with ordinary revenues. This year and perhaps next it will be somewhat difficult to reach equilibrium, because of the special expenditures that we have to face.

I may inform the right honourable gentleman that a number of items in the supplementary estimates relate to production services or to activities of the Department of Agriculture directed towards enlarging our markets for agricultural products in Great Britain.

Under Fisheries I find the following items:

To provide for the replacement of fisheries service vessels, $150,000.

To enable aiding fishermen, groups of fishermen and others to establish or better establish themselves in the industry, $500,000.

To aid in expanding the sale of the products of the Canadian fishermen in foreign and domestic markets, $150,000.

Under Labour I find this item:

To provide for commitments and completion of works in connection with federal contributions to provincial and municipal relief projects (revote), $1,075,000.

If my right honourable friend runs through the items he will find a considerable number of revotes, there being in some cases an unexpended balance, and in others a slightly increased amount. For instance:

To provide for federal contributions to farm employment and supplementary plans (revote for commitments $870,000), $1,870,000.

To provide for development and training projects for unemployed young people (revote for commitments $290,000), $1,750,000.

I think that is a very laudable object.

To provide, in co-operation with the provinces, for rehabilitation of unemployed persons, $500,000.

Amount required to provide for monthly grants-in-aid to the provinces, $17,500,000.

These are obligations we cannot escape.

Under Mines and Resources there are a number of large items, but I think that department needs to be fairly liberally assisted. For example, I notice this item:

To assist in provision of transportation facilities into mining areas and to authorize, subject to the approval of the Governor in Council, the appointment of such extra temporary officers, clerks and employees as may be necessary to carry out the purpose of any of the following items designated "Special" under this department, $1,310,000.

Under the Lands, Parks and Forests Branch there is this item:

For development of tourist highways, $1,750,000.

As my right honourable friend will notice, the wish he has expressed is fairly well carried out in the supplementary estimates. One-sixth of the total is being asked for because some of the expenses will have to be incurred forthwith.

Right Hon. Mr. MEIGHEN: Is there anything for royal commissions?

Hon. Mr. DANDURAND: There may be something. We have had occasion to express our views on that matter, and no doubt shall have an opportunity to do so again. For the present I should not like to take up too much time for the purpose of justifying the expenditures.

Right Hon. Mr. MEIGHEN: I have not the Bill and cannot follow my honourable friend, but I am not objecting to the second reading.

Hon. Mr. DANDURAND: The items I have given are from the supplementary estimates.

Right Hon. Mr. MEIGHEN: They are not on my desk. I would suggest the Minister be careful about enterprises under Mines and Resources. The expenditures may be founded on rather uncertain and poorly-based optimism. I notice the Minister is still very hopeful of finding results from the Hudson Bay Railway.

Hon. Mr. DANDURAND: That was the joint work of the two parties, for which we have to bear an equal share of responsibility.

Right Hon. Mr. MEIGHEN: But we are not jointly hopeful.

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

THIRD READING

On motion of Hon. Mr. Dandurand, the Bill was read the third time, and passed.

COPYRIGHT BILL

REPORT OF COMMITTEE CONCURRED IN

Hon. R. F. GREEN: Honourable senators, before the Orders of the Day are called, may I say that when I moved adjournment of the debate last night I assumed that further consideration of the amendments to the Copyright Bill would be first on the Order Paper for to-day. I see it is placed third. I would ask that it be taken as the first Order.

The Hon. the SPEAKER: Is it your pleasure, honourable senators, that Order No. 3 shall now have precedence?

Some Hon. SENATORS: Carried.

The House resumed consideration of the amendments made by the Standing Committee on Banking and Commerce to Bill 12, an Act to amend the Copyright Amendment Act, 1931, and the Copyright Act.

Hon. Mr. GREEN: Honourable senators, as I said last night, I moved adjournment after listening to considerable discussion on the report of the committee. That discussion revealed nothing new; it simply covered all the points which had already been discussed before the committee and thoroughly threshed out. The committee considered all the facts and weighed all the arguments, and its decisions are to be found in the report now before us.

The honourable leader on the other side of the House (Hon. Mr. Dandurand) told us last night that on behalf of the Government he watched the progress of this Bill through the committee in order to see that in the amendments there should not be an infringement of the terms of the Berne and Rome conventions. He added that he was quite clear that the amendments had not that effect.

Clause 4 clearly expresses the conclusion arrived at by the committee. It is not in any way contrary to the conventions.

Let us see who are opposed to the report. The honourable senator from Leeds (Hon. Mr. Hardy) and some other honourable gentlemen are opposing on the ground that the Canadian Broadcasting Corporation would have to pay something more than it pays now. Well, if

so, it will be a very small amount. The independent broadcasting stations will have to bear but a small proportion of the extra amount, and, I submit, will not be injured.

Who else are opposing the report? The Performing Right Society, whose representatives prate about the "poor authors and composers" being robbed of their pound of flesh. Are you aware that 90 per cent of what it collects in Canada is remitted to the United States, and that about 70 per cent of that sum goes, not to the authors and composers, but to the producers and publishers? Those producers and publishers, of course, claim to hold the copyright. In short, the portion that goes to the actual author or composer is small indeed.

Hon. Mr. HARDY: May I ask the honourable senator whether he is aware that the publishers have to pay royalties to the authors, unless they have bought the copyright?

Hon. Mr. GREEN: I do not desire to be interrupted. I will say to the honourable gentleman opposite that I am quite aware of the position. I am also aware that the publishers state they hold the copyright in their own hand. They do not state that Warner Brothers and similar corporations are getting about $200,000 a year in royalties. How much of that money reaches the authors and composers? The Performing Right Society does not tell you that the first charges against the moneys it collects are the expenses of collection and office expenses, and the salaries of the gentlemen who appear before us as representing the society. Nor does it tell you that, as I said a moment ago, 90 per cent of the money collected is sent to the United States, which country is not a party to the Berne Convention at all; nor that a large proportion of that 90 per cent goes to the producers and publishers.

Who are the gentlemen we see around the corridors of this Chamber? They are the paid officials of the Performing Right Society and representatives of the publishers, and agents paid by them. The paid lobbyists of those two bodies are around this building day in and day out, button-holing honourable senators and urging them to vote against the Bill. Why? For the reason for which my honourable friend from Leeds asks us to oppose the Bill? Not at all. It is because they want to have control in their own hands so they may be at liberty to milk the public of Canada. Do you suppose for one minute that if they did not want to retain control, and if the broadcasting stations would not have to pay large sums of money to the society, these representatives would be lobbying against our amendments? Not on your life. They are here lobbying in opposition to the Bill because they know the people of Canada, through the National Broadcasting Corporation, will not pay them any extravagant sum, and, that being so, they want to retain the advantage they now have under the statute.

I do not think I need say anything more, except this. Do not forget, when you are voting upon these amendments, that if you reject section 4 you might just as well kill the Bill. The Bill would be no good without it.

Hon. Mr. HARDY: It is no good anyway.

Hon. Mr. GREEN: The honourable gentleman says it is no good anyway.

Hon. Mr. HARDY: Absolutely.

Hon. Mr. GREEN: That may be his opinion, but it is not mine, nor do I believe it is the opinion of this House. The Bill is good because it is going to protect the people of Canada from an imposition. Broadcasting stations now pay for the privilege of broadcasting everything that goes over the air. Every owner of a receiving set pays a licence fee of $2.50. And the Performing Right Society wants a double fee from him if he allows people to stand at his door and listen to what is being broadcast.

Hon. Mr. ASELTINE: More than double.

Hon. Mr. GREEN: More than double. If we throw out section 4 of the Bill as reported from the committee, we shall be placing the Bill back in the condition in which it was when it came before this House. And we are told by our Law Clerk, as well as by our two leaders, that in that form the measure was clearly an infringement upon the copyright conventions.

Hon. F. B. BLACK: Honourable senators, may I be allowed a few minutes—

Hon. Mr. GREEN: Honourable members, I rise to a point of order. The honourable senator from Westmorland (Hon. Mr. Black), Chairman of the Standing Committee on Banking and Commerce, sat through every meeting at which this Bill was considered, except the last one. The report of the committee was brought in by the acting chairman. Yesterday the chairman spoke on this motion not merely once, but three times. Now he wants to speak again.

Hon. Mr. BLACK: I ask the privilege of the House.

The Hon. the SPEAKER: I would say that discussion on this motion has been more or less out of order. A number of honourable members have spoken more than once on the question, and I think therefore it would be rather unfair to deny the honourable gentleman an opportunity of speaking once more. I would ask him to make his remarks as brief as possible.

Hon. Mr. BLACK: Thank you, Mr. Speaker.

The Hon. the SPEAKER: I would suggest that if, when the honourable senator from Westmorland has finished, the mover of the motion (Hon. Mr. Griesbach) were to speak, his remarks would close the debate.

Hon. Mr. BLACK: I could have obtained the right to speak by moving an amendment, but I did not wish to do that. I want to take an opportunity to explain some things which I do not think are quite clear. I have no brief for the Performing Right Society, as honourable members well know. I was quite in favour and am still in favour of protecting as many as possible of the small users from imposition, but I do think that the Bill as now before us is not a measure of the kind that has been passed by this Senate in days gone by. It is unjust. I do not agree with the honourable senator from Kootenay (Hon. Mr. Green) that if we fail to adopt the amendments made by the committee we shall kill the Bill. I am satisfied that it can still be amended so as to cover the necessities of the situation.

The whole object of those who asked for this measure was that it might free a number of small operators or users from being imposed upon. I have no hesitation in saying that if the present amendments are carried, a much larger number of persons will be imposed upon than now are. It was stated before the committee that about 15,000 small users, such as shoe-shine parlours, barber shops, small hotels, restaurants, and so on, would be relieved by section 4 of having to pay a licence fee. That would be all right, but may I call attention to the fact that we did not stop there? We exempted, for example, all these steamships in Canada. They include the palatial ships that ply the St. Lawrence and go across the Atlantic ocean, and all those on the Pacific coast. In fact, every Canadian ship would be exempted from payment of fees to the Performing Right Society. Now, these are not small users.

I want to come to the crux of the situation as I see it. The honourable senator who has just sat down (Hon. Mr. Green) said that, in any case, the amounts payable by broadcasting stations would be small. That statement was made twice last night, but I submit with all respect that it is not a fair one. Nobody knows how large or small the payments will be. That will depend upon two things: whether an application be made to the Copyright Appeal Board by the Performing Right Society; and, secondly, if such an appeal be made, what attitude will be taken by the board. The board is established to interpret the law of this country, not to violate it. The law entitles the Performing Right Society to collect fees. Suppose the society appeals to the board and says, "We have so much money invested here, and we are empowered by the law to collect fees." It is true this amendment provides the collection must be done by the broadcasting stations, but will it not be for the appeal board to interpret that legislation properly? I say that while to-day the fees may be small, to-morrow they may be very large. What would be the consequence? It would have a direct reaction on not merely 15,000 small users of radios, but on 300,000 or 400,000 persons, or whatever number use radios in Canada.

To no other classes of people in Canada is the radio of so much use as to the fishermen on our seacoasts and to the farmers in our country districts. I will illustrate what I mean by referring to Prince Edward Island. That province has two broadcasting stations: one in Charlottetown and the other in Summerside. They are small stations, but they do a very great service to the poor people there.

Hon. Mr. MacARTHUR: Hear, hear.

Hon. Mr. BLACK: I am speaking of Prince Edward Island and the north shore of Northumberland Strait, also the northeast coasts of New Brunswick and Nova Scotia. Every morning and evening the farmers and fishermen listen for news and weather reports. These are very important to them. The weather forecasts are a great help to the farmer who is putting in his seed or harvesting a crop, and they are especially helpful to the fishermen who make their livelihood in the Strait.

I want to make another point. The Canadian Broadcasting Corporation passes its expenses on to its users, by increasing the cost of radio licences. I have no doubt whatever that if this Bill passes in its present form the Corporation will be asking for additional fees for every radio receiving set in the country. This means that every user will have to pay another 50 cents or $1.50, which

will be a pretty heavy additional tax. But the small broadcasters in the Maritimes and the West cannot pass on their assessments. The only revenue they have comes from the charges they make for advertising. This new section 4 might, and I think it would, place such an additional heavy burden on the small broadcasting stations that they would find it impossible to carry on. I think that at least three or four of them in the Maritimes would have to close up.

This is not an appeal for the Performing Right Society. Nor am I objecting to all that was asked for by the honourable senator from Kootenay (Hon. Mr. Green). It is simply a plea on my part that this Chamber act justly, as it has prided itself upon doing in the past. Without moving any amendment, I want to suggest that the best course would be to refer the Bill back to the committee, with a view to having the whole measure straightened out. I believe that it can be straightened out so that no injustice would be done to anybody. Then the small users, whom we are trying to protect, would be in fact protected.

Hon. Mr. LYNCH-STAUNTON: Honourable members, I just want to—

The Hon. the SPEAKER: Has the honourable senator already spoken in this debate?

Some Hon. SENATORS: Yes.

Hon. Mr. LYNCH-STAUNTON: I just want to make one point.

The Hon. the SPEAKER: I am afraid I shall have to rule that the point of order raised by the honourable senator from Kootenay (Hon. Mr. Green) is well taken, and that, from now on, honourable senators who have already participated in the debate should not speak further.

Hon. J. J. DONNELLY: Honourable senators, these are my first remarks in this debate. I noticed that the honourable senator from Westmorland (Hon. Mr. Black) referred to the measure as an unjust one. Now, as a member of the Banking and Commerce Committee who voted for the Bill in its present form, I do not like it said that the measure is unjust.

Hon. Mr. CALDER: Hear, hear.

Hon. Mr. DONNELLY: I do not think there was any desire on the part of members of the committee to deprive authors and composers of reasonable compensation for their work, but there was a desire to prevent them from pyramiding their fees. They already collect from the broadcasting stations and from manufacturers of gramophone records.

Hon. Mr. CALDER: And from all theatres

Hon. Mr. DONNELLY: Yes. I contend that broadcasting stations would have no value at all unless there were receiving sets. And I do not think there ever was any justification for entitling the Performing Right Society to collect fees from owners of receiving sets, even if their sets were installed in public places. These people have no option as to what comes over the air; they do not order the broadcasting of any particular pieces of music.

Hon. Mr. HARDY: May I ask if their radio sets are not commercial investments?

Hon. Mr. DONNELLY: That is a different line of argument.

Hon. Mr. HARDY: That is the crux of the whole matter.

Hon. Mr. DONNELLY: What I am pointing out is that they have no say in the matter at all. They do not order the playing of any particular music; they do not know what is going to be broadcast, and therefore I do not think a fee should be imposed upon them. Surely they are not supposed to stand around and turn off the receiving set every time some music comes over the air.

I want to repeat, as a member of the committee, that I do not admit that the committee regarded the Bill as an unjust one.

The motion of Hon. Mr. Griesbach for concurrence in the report of the committee was agreed to, on division.

ORDER FOR THIRD READING

The Hon. the SPEAKER: When shall this Bill be read a third time?

Some Hon. SENATORS: Now.

Hon. Mr. HARDY: I object to third reading being given now. The rules of the Senate require that notice of the motion be given.

Hon. Mr. MURDOCK: Next sitting of the House.

Hon. Mr. HARDY: Unanimous consent is required before a rule of the House can be departed from. I object to third reading being taken before that is permissible under the rules.

The Bill was ordered to be placed on the Order Paper for third reading to-morrow.

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

THE SENATE

Wednesday, May 25, 1938.

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

Prayers and routine proceedings.

PRIVATE BILL

REMISSION OF FEES

Hon. Mr. MORAND, for Hon. Mr. Coté, moved:

That the parliamentary fees paid upon Bill I2, an Act to incorporate the Roman Catholic Episcopal Corporation of Hudson's Bay, be refunded to Messrs. Belcourt and Genest, Ottawa, Ontario, solicitors for the petitioner, less printing and translation costs.

Hon. Mr. MURDOCK: Did not this Bill pass?

Hon. Mr. MORAUD: It is a private Bill for a purely religious organization, and I understand it has been given third reading. This is merely a motion to remit the parliamentary fees.

Hon. Mr. MURDOCK: My understanding is that the Bill has not yet been given third reading in the House of Commons.

Hon. Mr. MORAUD: That I could not say. It has been passed here.

Hon. Mr. MURDOCK: Is this customary?

Hon. Mr. MORAUD: I am told it is.

The motion was agreed to.

THE ROYAL ASSENT

The Hon. the SPEAKER informed the Senate that he had received a communication from the Assistant Secretary to the Governor General, acquainting him that Right Hon. Lyman P. Duff, Chief Justice of Canada, acting as Deputy of the Governor General, would proceed to the Senate Chamber this day at 5.30 p.m. for the purpose of giving the Royal Assent to certain Bills.

FARMERS' CREDITORS ARRANGEMENT BILL

REFERRED TO COMMITTEE

Hon. Mr. DANDURAND, for Hon. Mr. Farris, moved the third reading of Bill 25, an Act to amend the Farmers' Creditors Arrangement Act, 1934.

Hon. CREELMAN MacARTHUR: Honourable senators, I am not quite certain as to what procedure I should follow to have this Bill referred to the Committee on Banking and Commerce before it is given third reading.

Hon. Mr. HARDY.

Without going into details at this time, I may say that there is grave doubt as to whether the amendments are in order. A great deal is involved in the principle of privity of contract. The Bill would make this principle applicable to many cases decided by the board before the decision of the Court of Appeal which held that there was no privity of contract between the original mortgagee and a subsequent purchaser from his mortgagor. The application of this principle would bring within the Act some fifty-eight cases in Ontario alone. I think one member said the Bill would open up about 3,000 cases. In view of these circumstances and of the opinion held by many honourable members that the Act has outlived its usefulness, and that its operation should be restricted rather than enlarged, I should be inclined to move a drastic amendment that no further appeals be heard in any province after July 1; but I hope the honourable leader of the Government, in the absence of the honourable senator from Vancouver South (Hon. Mr. Farris), will consent to the Bill being sent to the Banking and Commerce Committee.

Hon. C. P. BEAUBIEN: Honourable members, I hope the honourable leader of the House will accept the suggestion. If not, I shall have to move an amendment. I am convinced that the amendment I have in mind would be in the public interest, but it should be moved in the Banking and Commerce Committee, so that all interested parties may be heard.

Hon. RAOUL DANDURAND: Honourable senators, I had not followed the operation of the Act very closely, except to observe the reaction to it in the various provinces as stated by honourable senators. Having four or five other Bills to deal with, I thought the honourable gentleman from Vancouver South (Hon. Mr. Farris) could help me by presenting this Bill, for he had told me he knew something about the application of the Act. Since the discussions in this Chamber I have examined into the operation of the Act and have consulted the Minister who presented the Bill in the other House.

I understand serious difficulties have arisen here and there as to the proper application of the Act, but I am advised that in thousands of cases it has rendered a real service to the country.

Hon. Mr. SHARPE: Hear, hear.

Hon. Mr. DANDURAND: My right honourable friend (Right Hon. Mr. Meighen), who, I regret, is absent, openly confessed his regret at having piloted the original Bill

through this Chamber, but I take it that his views are based on information he has gathered from his own province of Ontario, and that he is not perhaps familiar with what has occurred in the West. I realize what a beneficent effect the Act has had in the Western Provinces, and I am not prepared to say that it has not had a similar effect in the middle and eastern provinces.

Before we comply with the request of my honourable friend, and in order that honourable members may know the situation and may not be prejudiced against the amending Bill, I shall read the following memorandum, which I think will allay the fears of many senators as to the past application of the statute and as to its future administration. This is the memorandum:

1. Appeal from decisions of boards of review.

(a) In any case in which it is felt that a board of review has exceeded its jurisdiction, I am informed any creditor already has a right of appeal by way of certiorari proceedings, or a right of appeal on an ordinary point of law such as is represented by the decision of the Appeal Court of Ontario regarding cases in which privity of contract was lacking. There appears to be no reason for an amendment to the Act to provide for appeal in cases of the type referred to, as the privilege already exists.

(b) Under the provisions of the Farmers' Creditors Arrangement Act the decision of the board of review is final. That decision represents the considered opinion of a board, the chairman of which is a judge of the Supreme Court of the province or, in some instances, the Chief Justice of the province, regarding the maximum ability of the farmer-applicant to pay his debts. There is no point of law involved—the question is simply with regard to the accuracy of the opinion of the board as embodied in its final proposal, and for that reason it does not seem that the Supreme Court of the province, or the Court of Appeal, would be prepared to countermand a decision of such a board which had before it at the time of hearing all the evidence of the farmer and his creditors, as well as one or more independent detailed appraisals of the property and independent reports on the farmer's character, efficiency and general reputation for payment of his debts.

Further, and more important, any right of appeal made available to creditors must also contemplate that a similar right be made available to debtor-farmers. There are many thousands of cases in which these farmers feel that the reductions in their debts should have been far greater than the reductions granted by the boards of review, and are insistent that they, too, should have a right of appeal or, in the alternative, to have their cases reheard. If any privilege of appeal were granted, there would be no finality to these cases, and both debtors and creditors would be kept in a constant turmoil as a result of changed decisions after it had been considered that the cases were settled and brought to a conclusion.

The Canadian Bankers' Association and the Dominion Mortgage and Investments Association both thoroughly realize the situation which would develop, and these organizations represent the great body of creditors.

For the past three years, consideration has been given to this question of appeal and it has been abundantly evident that the final result would be most unsatisfactory to both the farmer and his creditors in the constant threat of changed decisions either in one direction or the other.

2. Now as to Prince Edward Island. The debt situation of farmers in Prince Edward Island differs from that in almost every other province, in that the great proportion of these farmers' debts is to local merchants, who have taken mortgages on the farmers' property. Many of these mortgages have been in existence for several generations, the farmer turning his produce over to the merchants, who, in turn, sold him his supplies. These merchants are violently opposed to any change in an arrangement which, for many generations, has been extremely satisfactory to themselves, but not so satisfactory to the farmer.

Many cases of hardship have been reported in this connection. The following are two sample cases:

The creditor had been charging his debtors 10 per cent interest on his bills, taking cattle, grain or other produce, whether the debtor farmer could spare it or not, and is reported to have allowed these farmers only one-half of the value of such stock and produce as a credit on his bill.

A woman owned a fair farm and provided a living for her son, his wife and a family of ten children. She owed a mortgage of $650 at 7 per cent interest, and with $32 interest only due, the mortgagee instituted foreclosure proceedings.

These cases were adjusted by the Prince Edward Island board of review, to the dissatisfaction of the creditors.

There were many differences in legal opinions regarding the right of boards of review to deal with cases in which there was no privity of contract. It had been felt that a farmer who had bought his farm subject to a mortgage was to all intents and purposes in the same position as a farmer who had bought his

farm and had himself given a mortgage on it. In many cases, as a result of adverse crop conditions, the mortgage debt so assumed is greatly in excess of the farmer's total assets, including land, stock and equipment.

It has been held by the Appeal Court of Ontario that in these cases the board of review may formulate a proposal with a view to adjusting such farmer's debts, but that the proposal is not effective or enforceable against the mortgagee.

It is true the proposed amendment in some degree widens the scope of the Act in doing away with this legal technicality. As Supreme Court judges differ in their view of this question, and as it is possible that the Supreme Court of Canada may differ from the view of the Appeal Court of Ontario on the subject, it was deemed advisable to make it clear, through this amendment, that the Act does apply to cases of this type.

The number of these cases in Prince Edward Island is very small indeed.

While 150,782 farmers approached official receivers with a view to submitting proposals, only 33,640 proposals were actually accepted by official receivers. Of this number more than 28,000 cases have been disposed of by receivers and boards of review in less than four years. More than 5,000 cases have been thrown out by the boards, while over 15,000 cases have been settled by voluntary and amicable arrangement. The total number of unfinished cases at present before boards of review throughout Canada is 3,891.

In the province of Prince Edward Island there are only 3 cases which the board of review has not yet dealt with.

It appears to have been overlooked entirely that under a co-operative arrangement with the Quebec Farm Loan Board nearly 1,200 cases have been settled by the board of review of that province under a loan arrangement, whereby the adjusted debts of creditors have been paid off in cash.

My honourable friend from Montarville (Hon. Mr. Beaubien) has given me notice that he will move an amendment to provide right of appeal to a judge from the board of review. I will not discuss the matter now. I shall be obliged to oppose his amendment, but I have no objection to its being submitted to a committee. The general statements I have made here may also be tested in committee by all honourable members who are interested in this legislation. We shall have present there the administrator of the Act. The Minister of Finance, by whose department the law is administered, has received representations from right and left, from all provinces, and I expect that if he is not presenting his Budget to the other House when our committee meets he will attend the sitting. Honourable members who go to that sitting will realize that the application of statutes by our various departments is not always an easy matter.

As I moved third reading, I cannot move to commit the Bill. I would ask my honourable friend from De Lanaudière (Hon. Mr. Casgrain) to do this.

Hon. Mr. CASGRAIN: I move that the Bill be referred to the Standing Committee on Banking and Commerce.

Hon. C. C. BALLANTYNE: Honourable senators, I regret very much that our leader on this side (Right Hon. Mr. Meighen) is not here to-day. He wished me to say to the House that he hopes the Government will repeal this Act at as early a date as possible. I have been looking through a few of the communications he has received from persons who are in distress because of this law. I will mention only three. One is from a woman who lost her husband a short time ago—

Hon. Mr. DANDURAND: I would suggest, with all due respect, that if my honourable friend would wait until the meeting of the committee he could read the letters then and have an answer made directly to them.

Hon. Mr. BALLANTYNE: I intended, not to read the letters, but merely to make a brief reference to them. I shall not take more than a moment or two. One letter is from a widowed lady, whose late husband was in the undertaking business. She gave credit to a farmer and his son, who promised to pay their bill promptly. Then they called a meeting of their creditors, and made an arrangement, with the result that this woman is in great financial distress. She does not know whether she will ever receive anything or not. Another letter is from a schoolteacher, who states that she has been financially ruined by a machine-crazy farmer. And a third complaint is from another farmer.

Hon. Mr. BEAUBIEN: I want to thank the honourable leader (Hon. Mr. Dandurand) for having acceded to the demand made from both sides of the House. I should like him at the same time to assure us that the Bill will not come before the committee until some time next week, so that all who have any reason to complain about the application of the law may have an oppor-

tunity to attend the sittings. Perhaps by that time the honourable senator from Vancouver South (Hon. Mr. Farris) will be present and relieve the shoulders of the honourable leader of the burden of sponsoring the measure.

Hon. Mr. LACASSE: May I ask the honourable leader who is the author of the statement he read?

Hon. Mr. DANDURAND: The administrator of the Act, Mr. Gordon.

The motion of Mr. Casgrain was agreed to.

DIVORCE BILLS

THIRD READINGS

On motion of Hon. Mr. McMeans, Chairman of the Committee on Divorce, the following Bills were severally read the third time, and passed, on division:

Bill L2, an Act for the relief of Paul Sanson White.

Bill M2, an Act for the relief of Louise Maud Thomas Gregory.

Bill N2, an Act for the relief of Emma Kathleen Lavery Forester.

Bill O2, an Act for the relief of Edith Margaret Campbell Quinn.

Bill P2, an Act for the relief of Dorothy Maud Doran Gay.

FIRST READINGS

Hon. Mr. McMEANS presented the following Bills, which were severally read the first time:

Bill V2, an Act for the relief of Irene Thomas Smith.

Bill W2, an Act for the relief of Sylvia Salzman Udashkin.

Bill X2, an Act for the relief of William Dougald Stanley Campbell.

Bill Y2, an Act for the relief of Mildred Varner MacLeod.

COPYRIGHT BILL

THIRD READING

Hon. Mr. GREEN moved the third reading of Bill 12, an Act to amend the Copyright Amendment Act, 1931, and the Copyright Act, as amended.

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

The Senate adjourned during pleasure.

THE ROYAL ASSENT

The Right Honourable Sir Lyman P. Duff, the Deputy Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Right Honourable the Deputy Governor General was pleased to give the Royal Assent to the following Bills:

An Act for the relief of Dorothy Dean St. Clair Ross.

An Act for the relief of Frances Margaret Stewart Butler.

An Act for the relief of Agnès Le Blanc Archambault.

An Act for the relief of Louise Anderson Lindsay.

An Act for the relief of Kathleen Helen Frances Penfold Findlay.

An Act for the relief of Mary Esther Wahl Watt.

An Act for the relief of Eva Grace Barlow Sunbury.

An Act for the relief of Irene Marjorie Wiseman Litwin.

An Act for the relief of Lorraine Olive Lafontaine Caron Pilot.

An Act respecting the Canadian Pacific Railway Company.

An Act respecting Révillon Frères Trading Company, Limited, and to change its name to Rupert's Land Trading Company.

An Act respecting a certain Trade Agreement between Canada and Hayti.

An Act respecting a certain Trade Agreement between Canada and Guatemala.

An Act respecting The Canadian and British Insurance Companies Act, 1932.

An Act to amend An Act respecting the National Battlefields at Quebec.

An Act to amend the Royal Canadian Mounted Police Act.

An Act to assist in the alleviation of Unemployment and Agricultural Distress.

An Act respecting the Canadian National Railways and to provide for the refunding of matured, maturing and callable financial obligations.

An Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1939.

The Right Honourable the Deputy Governor General was pleased to retire.

The House of Commons withdrew.

The sitting was resumed.

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

THE SENATE

Thursday May 26, 1938.

The Senate met at 3 p.m., Hon. C. W Robinson, Acting Speaker, in the Chair.

Prayers and routine proceedings.

PRIVATE BILLS

THIRD READING

Bill J2, an Act respecting the Mail Printing Company.—Hon. Mr. McGuire.

Bill K2, an Act respecting the Globe Printing Company.—Hon. Mr. McGuire.

REPORT OF COMMITTEE—DISAGREEMENT WITH COMMONS AMENDMENT

Hon. Mr. TANNER presented the report of the Standing Committee on Miscellaneous Private Bills on Bill E, an Act respecting the Restigouche Log Driving and Boom Company, and moved concurrence therein.

He said: Honourable members, this Bill was introduced in the Senate by the honourable member from Moncton (Hon. Mr. Robinson), was referred to the Standing Committee on Miscellaneous Private Bills, and reported without amendment. After passing this House, it was sent to the House of Commons, which made a slight verbal amendment and returned the Bill to us. There is only one section to the Bill, which reads as follows:

(2) No person shall be elected or qualified to hold office as a director unless he is a member of the Company, or of a partnership which is a member of the Company, or a director or manager of a corporation which is a member of the Company, or a person authorized by resolution of the directors of a corporation which is a member of the Company.

To these words the House of Commons added, "and of which he is a shareholder."

The Restigouche Log Driving and Boom Company is composed not of individuals, but of corporations, and there is no share capital. Consequently this amendment would seem to be meaningless. At all events the committee came to the conclusion that it was a work of supererogation. All the company desired was that the corporations which composed the Restigouche Log Driving and Boom Company should be at liberty to nominate one of their people to act as a director at its meetings.

The committee is recommending that the said amendment be not concurred in, for the following reasons:

1. All persons who now act as directors of the central corporation are necessarily individuals who act vicariously, qua the central corporation, for component corporations, all whereof are members of the central corporation. All that the Bill asks for is an enlargement of the field from which a component corporation may select an agent to execute the duties of a director.

Hon. Mr. GREEN.

2. The limitation to shareholders in the amendment of the Commons excludes all members of non-share-capital corporations and is for that reason alone unacceptable.

The motion was agreed to.

HONOURABLE SENATORS J. J. DONNELLY AND E. D. SMITH

FELICITATIONS ON COMPLETING TWENTY-FIVE YEARS IN SENATE

On the Orders of the Day:

Hon. RAOUL DANDURAND: Honourable senators, with the kind permission of the House I would call attention to the fact that we have present to-day two honourable colleagues who have been members of this Chamber for the last twenty-five years.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. DANDURAND: I refer to the honourable senator from Wentworth (Hon. E. D. Smith) and the honourable senator from South Bruce (Hon. Mr. Donnelly). As I have had occasion to state in the past, the Senate constitutes what is virtually a family, all its members working together, year after year, in the execution of their parliamentary duties. The atmosphere here is congenial. We feel that we are members of the Senate permanently, although we know we have not immortality. To work with one's colleagues for twenty-five years in this House, where we are free from political and electoral turmoil, is, I think, a great privilege. I am one of those who have enjoyed the company of these two honourable gentlemen during that quarter of a century. Never during those twenty-five years have I had occasion to differ with them except in very special circumstances, and always I admired and respected their sincerity and sound judgment.

The honourable member from Wentworth (Hon. Mr. Smith), the senior of our two colleagues, comes from the very interesting Niagara district, which may be described as the garden of Ontario—though I may be told there are other similarly favoured parts in that great province. He has brought to us his experience and his intimate knowledge of the business community which surrounds him, and we have always listened, with great advantage to ourselves, when he has discussed matters affecting his district.

Similar remarks apply to the honourable senator from South Bruce (Hon. Mr. Donnelly). Like the honourable gentleman from Wentworth, he has given us the benefit of his experience in connection with his large business interests, and of conclusions based on

sound judgment and actuated by an ardent desire to do his best for this Chamber and for the country at large.

I thank Providence that I have had the privilege of being associated with them for the past twenty-five years, and I feel I am speaking for all their colleagues—and I know my right honourable friend (Right Hon. Mr. Meighen) will join me—when I say that we have enjoyed the company of these two honourable gentlemen every day they have been in this House. I hope they may remain here another twenty-five years as an inspiration to those who are to come after us.

Some Hon. SENATORS: Hear, hear.

Right Hon. ARTHUR MEIGHEN: Honourable members, it is too often our lot to be called on to express our appreciation of our colleagues after they have passed from our midst. It is a rare privilege, though, to say something for them while they are still with us. Twenty-five years—a quarter of a century—is a great space in the life of man, but I well recall the occasion when the honourable gentlemen from Wentworth (Hon. E. D. Smith) and South Bruce (Hon. Mr. Donnelly) were elevated to this Chamber. The honourable gentleman from South Bruce was elected to the other House in the same year in which I had the honour of becoming a member. The honourable gentleman from the Niagara district had been in Parliament long years before. Both came to their duties in the Senate through the approved channel, the House of Commons.

I doubt whether in casting our eyes over this Chamber we could find two men more typical of all that Canada means, and particularly of all that Ontario means. Both are successful men of business because of their enterprise, their energy and their prudence, and both are in close touch with agriculture, indeed have been immersed in agriculture all their lives. Such experience as they have had qualifies men to serve the people in a legislative chamber, and this House has been fortunate in that it has had so many of their type. In matters calling for the soundest of common sense, as most problems in this life do, I know of no counsellor to whom I should go more confidently than to either of these gentlemen.

Hon. Mr. DANDURAND: Hear, hear.

Right Hon. Mr. GRAHAM: Hear, hear.

Right Hon. Mr. MEIGHEN: They are now farther on in life than when they came into this Chamber, but we rejoice to know they are in the fullest vigour, courage and usefulness of their careers, and we look forward with joy to labouring with them for a long time to come.

I express on behalf of those on this side of the House our felicitations to them both, and our sincere appreciation of what has been said by the honourable leader of the House (Hon. Mr. Dandurand) in directing our thoughts to this happy event.

Hon. E. D. SMITH: Honourable members, I find myself much embarrassed in attempting to express my deep appreciation of the kindly remarks of the two leaders of this House. It is no great event at all to complete twenty-five years of membership in the Senate. The uniqueness of the occasion is in the fact that we both became senators on the same day. There are only five members now in this Chamber who were here when we were introduced. It is no wonder we have remained here for twenty-five years: the atmosphere of this Chamber is so agreeable that it is an inducement to people to live a long time.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. SMITH: The presentation of these lovely flowers, and the remarks that have been made, are to me a surprise equalled only by the surprise I got twenty-five years ago to-day when, sitting at my desk, very tired, I received a telegram from the Right Honourable Mr. Borden, later Sir Robert Borden, asking me to take a seat in the Senate. Of course nobody will believe me, I presume, when I say that it was a surprise and I hesitated—

Some Hon. SENATORS: Oh, oh.

Hon. Mr. SMITH: —for some time before accepting. Five years previously I had withdrawn from politics on account of the pressure of business, and it seemed rather anomalous that I should be given a seat in this Chamber and be able to return to Parliament without having to go through the throes of an election. However, as you may well imagine, after giving the matter due consideration I sent an affirmative reply.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. SMITH: It has been a great pleasure indeed to be here among the men, the big men, whom one meets in the Senate of Canada. One cannot remain here long without feeling that this Chamber is different from the House of Commons, especially if one has been for some time, as I had been, in the midst of the uproar of that House. The change is very, very agreeable.

Somebody has expressed the wish that I might live for another twenty-five years. That, I am afraid, is rather too much to hope for.

Right Hon. Mr. GRAHAM: Oh, no.

Hon. Mr. SMITH: I cannot find words strong enough to thank those who have done us this honour to-day, or to show how much we appreciate it. I assure them that we shall remember it—at least I shall, and I am sure my comrade will—as long as we live.

Some Hon. SENATORS: Hear, hear.

Hon. J. J. DONNELLY: Honourable members of the Senate, I realize that on an occasion like this a certain amount of exaggeration is permissible, and I think that so far as I am concerned the two leaders have gone the limit.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. DONNELLY: I fully agree with all their remarks concerning the honourable senator from Wentworth (Hon. Mr. Smith).

I consider that I have had a great privilege in being associated with the honourable gentleman for twenty-five years, not only in the Senate but in frequent travel between Ottawa and Toronto. I think I voice the feeling of every honourable member when I express the hope that he may continue for many years to grace this assembly.

To look forward, twenty-five years is a long time. To look back, it does not seem quite so long. I have a very distinct recollection of twenty-five years ago to-day. The House of Commons, of which I was then a member, was in session. I was in my seat when a page boy came to me and told me the Prime Minister's messenger wished to see me at the entrance to the Commons Chamber. The message I received there was that the Honourable Mr. Borden, afterwards Sir Robert Borden, wished me to go to his office in the East Block. I went over, and he then told me he had decided to recommend that I be summoned to the Senate. I will not say that I hesitated.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. DONNELLY: Then, as now, it was not necessary to resort to conscription to fill vacancies in the Senate. My resignation as a member of the House of Commons was written out. Mr. Borden suggested that it was not absolutely necessary, but he advised me to sign it, which I did. He then told me it would be better for me not to return to my seat in the House of Commons. I was therefore sitting in the Senate next day. An experience of that sort is rather unusual. I think my honourable friend from Lunenburg (Hon. Mr. Duff) had a similar one.

Of the eighty or more members who made up the Senate twenty-five years ago there are, as the honourable gentleman from Wentworth has said, only five now living. I propose, with your permission, to refer briefly to those five, and I shall do so in order of seniority.

The senior member of this House is the honourable gentleman who is leading the House to-day (Hon. Mr. Dandurand). Twenty-five years ago, as to-day, he was a very active member on his side of the House. While he was not the nominal leader, he was an active leader. He possessed then, as now, a very considerable amount of charm when inside the House, and an even greater amount when outside. I am glad to say that after twenty-five years he has the same physical and mental vigour that he then enjoyed. He walks into the Chamber like a schoolboy, and talks, I might say, like a college professor.

The next in order of seniority is the honourable senator from De Lanaudière (Hon. Mr. Casgrain). He at that time possessed, as he does now, a very valuable fund of information, of which he gave freely to the Senate. At that time he had the reputation of being the most artistic looking and the best dressed member of the House.

The third was the honourable Senator from Sorel (Hon. Mr. Wilson), who I regret to say is not with us to-day, owing to ill health. He did not take as active a part in the deliberations of the Senate as did his two senior colleagues, but he was always a very valuable and respected member of this House.

On this side of the House the senior member is the honourable senator from Bedford (Hon. Mr. Pope). He also, I regret to say, is absent because of illness. I am going to take the liberty of saying a few words about him, particularly for the information of the new appointees to the Senate. Senator Pope is in my opinion a diamond in the rough. He has no desire to parade his better qualities. On the contrary, it appears at times that he has a desire to obscure them; and on some occasions, I think, he has been fairly successful in attaining his desire. But I am speaking now from thirty-five years' close association with Senator Pope, and I can assure honourable members that in private life he is a kindly Christian gentleman. He has had a long public experience, being the only man now in the Senate who had the privilege of serving under Sir John Mac-

donald in the House of Commons. He succeeded his father there, who was Minister of Railways under Sir John Macdonald. Senator Pope has worked faithfully and effectively for the good of his country, and at all times has been willing to give his services for what he believed to be the best interest of the country.

The only other remaining senator is my desk-mate (Hon. Mr. Gordon). He brought to this Chamber a very ripe business experience as a successful business man. I have always had a great deal of respect for him, and as a result of thirty years of close association with him, both in the House of Commons and in the Senate, that respect is coupled with a considerable amount of personal affection.

Looking back twenty-five years, I remember that there were in this Chamber many men who had been very active in the political life of Canada. I recall Sir James Lougheed, Sir Mackenzie Bowell, Sir George Ross, Sir Richard Cartwright, Senator Bolduc, Senator Boucherville, Senator Mackay, whose daughter is now the senator from Rockcliffe (Hon. Mrs. Wilson); and there are many others I could mention with whom I had the privilege of associating during my early experience in the Senate.

During that time many prominent men who were appointed to the Senate and served faithfully have passed on. These include Sir George Foster, Sir Edward Kemp, Senator Murphy, Senator Reid, Senator Béland, Senator Lemieux and many others. It was a great privilege to have been associated with them.

Speaking of senators, while I was a member of the House of Commons I had the privilege of attending a reception given by the late Senator Wark, from New Brunswick, who was born in 1804, and who gave a little reception on his one hundredth birthday. I consider it a great privilege to have been present on that occasion.

Now, just a word in regard to the work of the Senate. If there are senators present who become alarmed when they hear people talk about reforming or abolishing the Senate, I can tell them that long before I became a member of the Senate I heard similar suggestions in the House of Commons. But they never took effect.

Hon. Mr. COPP: Probably you were not favourable to them.

Hon. Mr. DONNELLY: Perhaps not. The Senate, in spite of criticism, has carried on the work which the framers of Confederation desired it to carry on. It is charged, because we are not elected, that this is an irresponsible body. I do not think there is anything in that charge. I think every honourable member of this House feels, as I do myself, that our appointment has placed upon us a very great responsibility, and that we are bound at all times, if we wish to retain our self-respect, to perform our duties in such a manner as to serve the best interests of the country at large.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. DONNELLY: I think I may say that at no time during the past twenty-five years has the Senate stood higher in the estimation of the people of this country than it stands at the present time. In my opinion one of the reasons for that, to some extent at all events, is the presence here of the right honourable gentleman who leads this side of the House (Right Hon. Mr. Meighen).

Some Hon. SENATORS: Hear, hear.

Hon. Mr. DONNELLY: He has devoted his great ability to discussing all questions in an impartial manner, and by so doing has enhanced not only his own reputation, but also that of the Senate.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. DONNELLY: In conclusion I just wish to express my sincere appreciation of the kindness and consideration which has been shown to me in the past and in the present by the members of the Senate of Canada.

Some Hon. SENATORS: Hear, hear.

BRITISH COLUMBIA-ALASKA HIGHWAY

INQUIRY

On the Orders of the Day:

Hon. Mr. GRIESBACH: Before the Orders of the Day are called, I desire to draw the attention of the Government to a series of press dispatches which deal with the construction of a highway throughout the province of British Columbia into Alaska. These dispatches set out that negotiations have been conducted directly between the Premier of British Columbia and the United States Government, and the basis of the negotiations is that the United States Government will advance the money necessary for the construction of the highway through the province of British Columbia.

I desire to ask the Government whether the object of these negotiations is the building of a military strategic road through the province of British Columbia for the use of

the United States in time of war; what are the facts in connection with this transaction, and what is the attitude of the Federal Government with respect thereto.

Hon. Mr. DANDURAND: This is a notice of inquiry for to-morrow?

Hon. Mr. GRIESBACH: It is a question asked now, on the Orders of the Day.

Hon. Mr. DANDURAND: I am unable to give an answer to my honourable friend now, but if he will place his question on the Order Paper I shall have an answer to-morrow.

The inquiry stands as a notice.

DIVORCE BILLS

SECOND READINGS

On motion of Hon. Mr. McMeans, Chairman of the Committee on Divorce, the following Bills were read the second time:

Bill Q2, an Act for the relief of Kathleen Barnsley Prichard Hartney.

Bill R2, an Act for the relief of Thomas Russell.

Bill S2, an Act for the relief of Marie Marguerite Agnès Marcelle Dupont Ross.

Bill T2, an Act for the relief of Wilfred Augustus Cottle Stead.

Billy U2, an Act for the relief of Celia Caplan Tucker.

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

THE SENATE

Friday, May 27, 1938.

The Senate met at 3 p.m., Hon. C. W. Robinson, Acting Speaker, in the Chair.

Prayers and routine proceedings.

RAILWAY WAGES

INQUIRY

On the notice of inquiry by Hon. Mr. Casgrain:

That he will inquire of the Government:

1. What was the total amount paid for wages by all the railways operating in Canada in the year 1914?
2. What was the total amount paid for wages by all railways operating in Canada in the year 1917?
3. What was the total amount paid for wages by all railways operating in Canada in the year 1937?
4. That he will call the attention of the Senate to those figures.

Hon. Mr. GRIESBACH.

Hon. Mr. DANDURAND: I have answers to these questions placed on the Order Paper by my honourable friend from De Lanaudière (Hon. Mr. Casgrain), who is absent at the moment. The answers are as follows:

1. $111,762,972.
2. $129,626,187.
3. $193,355,584.

I see that this last figure is marked as being a preliminary one, subject to revision.

DIVORCE BILLS

THIRD READINGS

On motion of Hon. Mr. McMeans, Chairman of the Committee on Divorce, the following Bills were read the third time, and passed:

Bill Q2, an Act for the relief of Kathleen Barnsley Prichard Hartney.

Bill R2, an Act for the relief of Thomas Russell.

Bill S2, an Act for the relief of Marie Marguerite Agnès Marcelle Dupont Ross.

Bill T2, an Act for the relief of Wilfred Augustus Cottle Stead.

Bill U2, an Act for the relief of Celia Caplan Tucker.

SHOP CARDS REGISTRATION BILL

SECOND READING

On the Order:

Resuming the debate on the motion for second reading of Bill 22, an Act respecting the Registration of Shop Cards by Labour Unions.—Hon. Mr. Ballantyne.

Hon. Mr. BEAUBIEN: As my honourable colleague in whose name this Order stands is not here—

Hon. Mr. DANDURAND: When the honourable senator from Alma (Hon. Mr. Ballantyne) moved adjournment of the debate he did not intend to speak himself, but thought the right honourable leader on the other side (Right Hon. Mr. Meighen), who was then absent, would like to take part. The right honourable gentleman, who is absent to-day also, has not expressed any such desire to me. It may be that he wanted to speak on the constitutionality of the measure, though he has not so suggested. We have the opinion of the Department of Justice that the measure is within the competence of the Federal Government, and this opinion is concurred in by the Law Clerk of the Senate. I would suggest that the Bill be given second reading and referred to a committee. If that is done, the right honourable leader on the other side may speak on the motion for third reading should he so desire.

Hon. Mr. BEAUBIEN: We reserve the right to speak on the principle of the Bill, of course.

Hon. Mr. DANDURAND: Yes.

Hon. Mr. BEAUBIEN: Very well.

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

REFERRED TO COMMITTEE

On motion of Hon. Mr. Dandurand, the Bill was referred to the Standing Committee on Immigration and Labour.

DIVORCE BILLS

SECOND READINGS

On motion of Hon. Mr. McMeans, Chairman of the Committee on Divorce, the following Bills were read the second time:

Bill V2, an Act for the relief of Irene Thomas Smith.

Bill W2, an Act for the relief of Sylvia Salzman Udashkin.

Bill X2, an Act for the relief of William Dougald Stanley Campbell.

Bill Y2, an Act for the relief of Mildred Varner MacLeod.

RAILWAY WAGES

DISCUSSION

On the motion to adjourn:

Hon. Mr. MURDOCK: Honourable senators, may I be pardoned if I refer, particularly for the benefit of my honourable friend who is leading the other side this afternoon (Hon. Mr. Beaubien), to the answers which were given a few moments ago to the questions asked by the honourable senator from De Lanaudière (Hon. Mr. Casgrain). These figures show that the wages paid to men on the railways of Canada in 1914 were, in round figures, $111,000,000; in 1917, $129,000,000, and in 1937, $193,000,000. Now, it looks as if there was, and of course there was, a remarkable increase between 1917 and 1937. If the honourable senator had asked with reference to the year 1918 or 1919 instead of 1917, the answer would have been materially different, because the McAdoo award went into effect on the railways of Canada as of July, 1918. In other words, the figures would have shown a much greater increase between 1914 and 1918 than between 1914 and 1917.

Hon. Mr. DANDURAND: There should be an explanation of the large increase from 1917 to 1937. I cannot supply it. The extent of the increase has surprised me. I do not know whether or not there was a greater number of employees in 1937 than twenty years before. It would be interesting to learn the reason for the step up in wages, and we may obtain this in the Special Railway Committee.

Hon. Mr. BEAUBIEN: Honourable senators, I trust the Special Railway Committee will ask for full information as to the wages of railway employees. There is no doubt that a great many people in this country attach deep importance to that subject. I do not want to enter into it now—indeed, I do not think I am qualified to enter into it now—but I may say that I received a few days ago a letter calling attention to the increase in railway wages over the last twenty years. Numerous people consider that the deficits on our railways are due largely to the fact that members of railway labour unions receive very high wages in comparison with what is paid to persons in similar occupations in other industries.

Hon. Mr. MURDOCK: In the textile industry, for instance?

Hon. Mr. BEAUBIEN: I do not want to go into details, but I think that a great many people feel that our railways have been brought to their present condition chiefly because railway labour unions, through their political strength, have obtained special treatment for their members. I am not qualified to say whether that is true or not; I simply refer to it as a point that is often raised. It is also stated that railway wages have been tremendously increased by the regulations which govern the working day. For instance, I have been told that for an engineer on a freight train 100 miles of travel constitute one day. I do not think I am making a mistake in this, but if I am there is someone present who will correct me, just as surely as the sun is shining.

Right Hon. Mr. GRAHAM: More surely than that.

Hon. Mr. BEAUBIEN: And I understand that for an engineer on a passenger train, 125 miles, or perhaps 150, make a day. I will say 150 miles, to be on the safe side.

Hon. Mr. MURDOCK: For conductors, baggagemen and brakemen on passenger trains, 150 miles make a day; but engineers on passenger trains have practically the same length of day as engineers on freight trains.

Hon. Mr. BEAUBIEN: As I have said, I do not want to go into details. But I should like honourable members to try to look upon this thing from the point of view of our citizens who are not employed on the rail-

ways. Many of them are travelling a very difficult road, undergoing a great deal of misery, and they wonder why a conductor is paid such wages. The work of a conductor is not very difficult. He is on a route from Montreal to Toronto, let us say, a distance of about 325 miles—

Hon. Mr. MURDOCK: It is 334.

Hon. Mr. BEAUBIEN: We will say 325. That is not very difficult. He walks quietly through his train. He smiles at his passengers, helps them with their parcels, takes their tickets and sometimes sells them tickets and makes an entry in a little book. He is not much thinner at the end of his day's work than when he began. When he has completed the 325 miles, as he does in six and a half hours, it is computed as two day's work. Compare his position with that of the man in our province, at any rate, who tills the soil. He is working from the moment the sun rises until it goes down, and he gets but a miserable living. Do you wonder that sometimes people think that the conductor's wages are excessive? I do not pronounce any opinion in that respect. No doubt the question of responsibility enters into his remuneration. A great many people depend upon his judgment, upon his familiarity with his run. But I do say that this is a very serious question, and I trust the committee will go deeply into it. If it does not, the majority of our people will some day insist that it be dealt with, because, after all, the opinion prevails from one end of the country to the other that railway men are a privileged class. Now, is that view justified or not?

Hon. Mr. MURDOCK: May I ask the honourable gentleman one question?

Hon. Mr. BEAUBIEN: I am not qualified to speak on it at all. We shall find out.

Hon. Mr. MURDOCK: This is the thirty-ninth sitting of the Senate. We have received two days' pay for every day we have sat. Is that just?

Hon. Mr. DANDURAND: I suggest that we postpone the discussion.

Hon. Mr. BEAUBIEN: I am not prepared to estimate the value of what the Senate has accomplished so far this session. I understand, however, that in one session alone this honourable House did save the country more than $30,000,000. If it succeeds in finding a solution for the problem which the Special Railway Committee is now investigating, it may very well save Canada more than that amount every year for a great many years to come.

Hon. Mr. MURDOCK: It will succeed.

The Senate adjourned until Monday, May 30, at 8 p.m.

THE SENATE

Monday, May 30, 1938.

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

Prayers and routine proceedings.

FARMERS' CREDITORS ARRANGEMENT ACT

NOTICE OF MOTION

Hon. J. T. HAIG gave notice of the following motion:

That an order do issue for a statement setting forth the report of the Department of Finance on the operation of the Farmers' Creditors Arrangement Act since its inception to March 31, 1938.

Hon. J. J. HUGHES: Honourable senators, may I remind the honourable junior member from Winnipeg (Hon. Mr. Haig) that in the early part of this session a report was made to the House of Commons showing the operation of the Act from its inception to March 31, 1937. I suggest to him that he divide his motion into two parts, the first to cover the period included in that report, and the second to cover the operations from March 31, 1937, to March 31, 1938. The second part might involve some clerical work, but in the meantime we could have the part covered in the first report, which is very informative.

Hon. Mr. DANDURAND: If the report which my honourable friend speaks of has been printed and distributed, then his suggestion may very well be adopted. Otherwise I think the notice of motion should stand.

Hon. Mr. HUGHES: The report to which I refer has been printed. I have seen it.

Hon. Mr. BEAUBIEN: Is it a separate report?

Hon. Mr. HUGHES: It is a distinct report showing the operation of the Act from its inception to March 31, 1937. I applied for a copy at the Distribution Office, but could not get any, there being no more copies available.

Hon. Mr. HAIG: Honourable senators, if the honourable leader of the House finds there is such a report to the end of the fiscal year 1936-37, he can bring it down, and later on supply the further information to the end of last March.

Hon. Mr. HUGHES: That is what I suggest. In the meantime we shall have the first report, which contains a great deal of information.

RAILWAY WAGES

ACCURACY OF BROADCAST QUESTIONED

On the Orders of the Day:

Hon. JAMES MURDOCK: Honourable senators, on Friday evening last the Canadian Press in its 11 o'clock broadcast gave out this piece of information:

A request for inquiry into the wages received by Canadian railway workers on the ground that they are excessive was made before a Senate committee at Ottawa to-day.

Senator Charles Beaubien, of Montreal, said that people throughout the country have the impression railwaymen are a privileged class in the matter of wages, and that their labour unions exercise political power to get special treatment.

The committee was informed that wages received by all workers on Canadian railways jumped from almost $112,000,000 in 1917 to $193,000,000 in 1937, an increase of approximately $81,000,000 in twenty years. Senator Beaubien referred to farmers who work long and arduous hours, and asked that the committee consider the question.

On Saturday morning I got in touch with the Canadian Broadcasting Corporation and took exception to two or three of these statements, which in my opinion are entirely in error. On Saturday evening, May 28, the Canadian Press undertook to correct the statement which had been made on Friday evening, and in so doing were once more in rather serious error if we can regard a mistake of forty odd millions in a total as being rather serious.

The Canadian Press, on Saturday evening, stated that the wages received by all workers on Canadian railways in 1937 were $139,000,000. While I have not received from the Dominion Bureau of Statistics the figures showing the actual payments made to Canadian railway employees in 1937, I am quite sure that the statement is in serious error from the fact that Mr. Coats, of the Dominion Bureau of Statistics, on March 5 last advised that in 1936 there were on Canadian railways 132,781 employees whose total earnings were $182,638,365. It is quite obvious, I think, that $182,000,000 in 1936 had not been reduced to $139,000,000 in 1937.

DIVORCE BILLS

THIRD READINGS

On motion of Hon. Mr. McMeans, Chairman of the Committee on Divorce, the following Bills were read the third time, and passed:

Bill V2, an Act for the relief of Irene Thomas Smith.

Bill W2, an Act for the relief of Sylvia Salzman Udashkin.

Bill X2, an Act for the relief of William Dougald Stanley Campbell.

Bill Y2, an Act for the relief of Mildred Varner MacLeod.

POST OFFICE BILL (NEWSPAPER OWNERSHIP)

SECOND READING

Hon. JAMES MURDOCK moved the second reading of Bill 20, an Act to amend the Post Office Act (Newspaper Ownership).

He said: Honourable senators, this Bill came to the Senate from another place on March 17, and for more than two months, although apparently the Bill passed unanimously in that other place—

Hon. Mr. DANDURAND: In the House of Commons. It could come only from there.

Hon. Mr. MURDOCK: Apparently it was unanimously passed in the House of Commons, but when it came here nobody stood sponsor for it. It was suggested to me that it would seem discourteous to the House of Commons if a Bill passed by that House were not given an opportunity to run the gauntlet of the Senate of Canada. I am aware that this particular Bill has been before the Senate on several occasions in past years and has been defeated. I have no special remarks to make as to the propriety or necessity of the Bill, and I am not sure how it would be worked out for the benefit of the Canadian people if it were passed; but I sponsor it and bring it before the Senate for the reasons which I have stated.

I move the second reading of the Bill.

Hon. RAOUL DANDURAND: Honourable senators, the Senate has had this measure before it for consideration four or five sessions, I believe. I hope I am not exaggerating—

Right Hon. Mr. GRAHAM: You never do.

Hon. Mr. DANDURAND: The measure has come to us from the other House. I do not know whether on every previous occasion it received general approval in that House, but I understand that this session, and perhaps

last session as well, it was adopted there unanimously. I take it for granted that the other Chamber, after careful study and consideration, found the Bill contained sufficient merit to justify its adoption.

Right Hon. Mr. MEIGHEN: It is now that the honourable gentleman is exaggerating.

Hon. Mr. DANDURAND: Well, I take it for granted that the Bill was given due consideration by the other House. This Chamber cannot do otherwise than treat it from that point of view. My suggestion would be that without binding ourselves to accept the principle of the measure we should give it second reading and send it to one of our standing committees—the Committee on Miscellaneous Private Bills would perhaps be the appropriate one—where the promoters of the proposed legislation could tell us what they consider the need for it is, and what effect it would have on the parties concerned. I make that suggestion because I do not believe it would be good form for the Senate to divide on a Bill that has come to us from the House of Commons for the fourth or fifth consecutive year, until we have studied it carefully. We should expect as much of the Commons with respect to any bill originating here.

Hon. Mr. McMEANS: I would suggest that the mover of the second reading (Hon. Mr. Murdock) should give some explanation of the Bill. He says that he has sponsored it here more or less as a matter of courtesy. The practice is for an honourable member who moves second reading to tell what the measure is about. I think the House is entitled to that information.

Hon. Mr. MURDOCK: Why pick on me?

Hon. Mr. McMEANS: You moved the second reading.

Right Hon. ARTHUR MEIGHEN: I think the honourable senator from Parkdale (Hon. Mr. Murdock) acted properly in sponsoring the measure. It would be unfortunate if a measure of this kind could not find a sponsor here. Though introduced in another place by a private member, it is not in any sense like a private bill promoted on behalf of a person or company. This would affect the public as a whole.

Hon. Mr. DANDURAND: It is a public Bill sponsored by a private member.

Right Hon. Mr. MEIGHEN: Yes. On that account it seems to me quite proper there should be a sponsor for it here, even in the unlikely event of there being no sincere supporter. I am opposed to the principle of the Bill, for the reasons given last session, but I am wholly in accord with its being given second reading and referred to the Committee on Private Bills, by whom all parties can be heard.

Hon. Mr. COTE: Last year the Bill was referred to the Committee on Banking and Commerce, and the members of that committee are fully aware of what then took place. I am wondering whether it would not be advisable to send the Bill to the same committee now. After all, it is a public Bill.

Hon. Mr. HARDY: The Bill, I think, was referred to the Banking and Commerce Committee at a time when virtually every measure was being submitted to that committee; even the Pure Food Bill. I heard the right honourable gentleman move that the Bill be referred to the Banking and Commerce Committee, and only after a protest was it sent to another place. I think the Banking and Commerce Committee has quite enough work to do this year without having to consider this Bill, which has nothing whatever to do with either banking or commerce.

Hon. Mr. MURDOCK: In deference to my honourable friend the senior senator from Winnipeg (Hon. Mr. McMeans), may I state that the object of this Bill is to require in the public interest that the names and addresses of the owners, editors, publishers and stockholders of newspapers and periodicals published in Canada shall be filed with the Postmaster General and printed in such papers, and such additional information is to be given concerning the interest, direct or indirect, of any person in any such publication or its stock, bonds, or other securities as the Postmaster General shall by regulation require.

Hon. Mr. McMEANS: The names of those holding stocks or bonds in a large newspaper are to be published in the newspaper itself?

An Hon. SENATOR: Sure. Why not?

Hon. Mr. McMEANS: It is the only class of security in the world that I know of regarding which such information is broadcast throughout the land. That is one of the objections I have to the Bill. It may suit creditors to find out what holdings a debtor has, but very few persons would like to have their assets published to the world.

Hon. Mr. COTE: The honourable member from Parkdale has forgotten to explain subsection 2.

Hon. Mr. DANDURAND: Could that not be debated in the committee?

Hon. Mr. COTE: Subsection 2 would require that paid editorials or other reading matter be marked "advertisement," and failure to comply with this requirement would render the editor or publisher liable to a penalty. This strictly would be criminal law, and if such a provision were passed it should be embodied in the Criminal Code, not inserted in a Bill under the pretence of amending the Post Office Act.

Some Hon. SENATORS: Question!

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

On motion of Hon. Mr. Murdock, the Bill was referred to the Select Standing Committee of Miscellaneous Private Bills.

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

THE SENATE

Tuesday, May 31, 1938.

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

Prayers and routine proceedings.

CANADA SHIPPING BILL

FIRST READING

A message was received from the House of Commons with Bill 9, an Act to amend the Canada Shipping Act, 1934.

The Bill was read the first time.

PRIVATE BILL

FIRST READING

Bill Z2, an Act to incorporate International Highway Forwarders.—Hon. Mr. Little.

NATURAL RESOURCES TRANSFER (AMENDMENT) BILL

FIRST READING

A message was received from the House of Commons with Bill 106, an Act to amend the Manitoba Natural Resources Act, the Alberta Natural Resources Acts, and the Saskatchewan Natural Resources Acts.

The Bill was read the first time.

NATIONAL HARBOURS BOARD BILL

FIRST READING

A message was received from the House of Commons with Bill 108, an Act to amend the National Harbours Board Act, 1936.

The Bill was read the first time.

EXCHEQUER COURT BILL

FIRST READING

A message was received from the House of Commons with Bill 109, an Act to amend the Exchequer Court Act.

The Bill was read the first time.

NEW WESTMINSTER HARBOUR COMMISSIONERS BILL

FIRST READING

A message was received from the House of Commons with Bill 111, an Act to amend the New Westminster Harbour Commissioners Act.

The Bill was read the first time.

ADJOURNMENT—SPECIAL RAILWAY COMMITTEE

On the motion to adjourn:

Hon. Mr. DANDURAND: In moving the adjournment of the Senate, I would remind honourable members of the Special Railway Committee that there will be a sitting of that committee immediately.

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

THE SENATE

Wednesday, June 1, 1938.

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

Prayers and routine proceedings.

BRITISH COLUMBIA-ALASKA HIGHWAY

INQUIRY

On the notice of inquiry by Hon. Mr. Griesbach:

That he will draw the attention of the Senate to a series of press despatches which deal with the construction of a highway throughout the province of British Columbia into Alaska, and will ask the Government:

1. Is the object of these negotiations the building of a military strategic road through the province of British Columbia for the use of the United States in time of war?
2. What are the facts in connection with this transaction?
3. What is the attitude of the Federal Government with respect thereto?

Hon. Mr. DANDURAND: The notice indicates that the honourable gentleman from Edmonton (Hon. Mr. Griesbach) intends to draw the attention of the Senate to press despatches regarding the construction of a highway through the province of British

Columbia into Alaska. The notice also contains three questions. I have answers to these, and if the honourable gentleman is agreeable I will give them now.

Hon. Mr. GRIESBACH: Give them now.

Hon. Mr. DANDURAND: The answers are as follows:

1. There have been no negotiations concerning the building of a military strategic road through the province of British Columbia.

2. Various proposals relating to the possibility of constructing a highway from British Columbia through the Yukon Territory to Alaska have been advanced during the last few years. In 1930 the United States Government appointed a commission to discuss, in co-operation with the Canadian authorities, the feasibility of constructing such a road. On the understanding that the discussions were to be of a purely fact-finding nature, the Canadian Government agreed to participate and the meeting was held in Victoria, British Columbia, in October, 1931. At this conference it was decided that the construction of such a highway would be feasible from an engineering standpoint. The attitude of the Dominion Government and of the Government of the Province of British Columbia was made clear later in the same month. The two governments agreed that the cost of construction made any further action under existing conditions quite impracticable.

Some time ago the United States Government approached the Canadian Government with a suggestion that a further joint study of the project be undertaken. Within the last ten days legislation has been passed by the United States Congress authorizing the President to appoint an Alaskan International Highway Commission to meet with any similar body which may be nominated in the Dominion of Canada, for the purpose of studying the location, construction, and plans for the financing and maintenance, of such a highway. The Commission is to report to the President within two years. No official proposals resulting from this legislation have yet been received by the Canadian Government.

This matter has also been a subject of informal discussion between the Prime Minister of Canada and the Premier of the Province of British Columbia.

3. The matter is still under consideration.

Hon. Mr. DANDURAND.

FARMERS' CREDITORS ARRANGEMENT ACT

NOTICE OF MOTION

On the notice of motion by Hon. Mr. Haig:

That an order do issue for a statement setting forth the report of the Department of Finance on the operation of the Farmers' Creditors Arrangement Act since its inception to March 31, 1938.

Hon. Mr. DANDURAND: I understand that the report on the Farmers' Creditors Arrangement Act for the year ended March 31, 1938, will be laid on the Table in both Houses some time this week; perhaps to-morrow.

Hon. Mr. HAIG: That will be entirely satisfactory. Would the honourable leader procure at the same time a copy of the report or return—I think it is No. 82—filed in the other House on January 18, 1938? It contains the information I really wanted.

Hon. Mr. DANDURAND: Not up to the 31st of March, 1938.

Hon. Mr. HAIG: Up to March 31, 1937. It contains a report which is really what I wanted.

Hon. Mr. DANDURAND: Does it deal with the operation from the inception of the Act? I may say that the new report will contain a complete statement covering the period from the inception of the Act in 1934 to March 31, 1938.

Hon. Mr. HAIG: There is something which will not be covered in that report, but which is in the return tabled in the other House.

Hon. Mr. DANDURAND: If my honourable friend will give me a sufficiently clear description of the document, I will procure it.

Hon. Mr. HUGHES: Honourable senators, with regard to the suggestion of the honourable junior senator from Winnipeg (Hon. Mr. Haig), that he would like to get a copy of the report up to March 31, 1937, which was tabled in the other House—

Hon. Mr. DANDURAND: That is not the question.

Hon. Mr. HUGHES: No, but that is the request he made of you.

Hon. Mr. DANDURAND: No, that is not the question.

Hon. Mr. HUGHES: That is not the question on the Order Paper.

Hon. Mr. DANDURAND: Nor is it the question that the honourable junior senator from Winnipeg has put to me.

Hon. Mr. HAIG: A return was tabled in the other House on January 19, 1938. I think the number is 82.

Hon. Mr. HUGHES: The return covered the period from the inception of the Act to the 31st March, 1937.

Hon. Mr. HAIG: I know. It was asked for in January of this year. It gives certain facts about the operation of the Act since its inception.

Hon. Mr. BEAUBIEN: The number is 98

Hon. Mr. HUGHES: Yes, House of Commons sessional paper 98. The honourable leader (Hon. Mr. Dandurand) stated that if the honourable junior senator from Winnipeg would define what he wanted, a copy would be obtained. Now, I am defining it as House of Commons sessional paper No. 98, and I also should like to have a copy.

Hon. Mr. CALDER: We all should like to get copies.

Hon. Mr. DANDURAND: I should like to know if it is a report on the Farmers' Creditors Arrangement Act.

Hon. Mr. HUGHES: Yes.

Hon. Mr. DANDURAND: Up to the end of March, 1937?

Hon. Mr. HUGHES: Yes, that is it exactly.

Hon. Mr. DANDURAND: Well, I have told the honourable junior senator from Winnipeg that the whole of that information is in a report which covers the operations of the Act from its inception to March 31, 1938, and which will be laid on the Table shortly. If I am found to be in error, then I shall produce the report that was tabled earlier in the other House.

Hon. Mr. HUGHES: I do not say the honourable gentleman is in error. I too should like to get a copy of that sessional paper 98 of the House of Commons.

Right Hon. Mr. MEIGHEN: That is another thing.

Hon. Mr. HUGHES: It is just another copy.

Hon. Mr. HARDY: Why not a copy for all of us?

Hon. Mr. DANDURAND: I have been informed that the annual report of the operations of the Farmers' Creditors Arrangement Act for 1937-1938 will be laid on the Table of this House and the other House to-day or to-morrow, and that it will contain the whole of the information that was in the document laid on the Table of the other House last year and is now asked for by my honourable friends from Winnipeg (Hon. Mr. Haig) and King's (Hon. Mr. Hughes).

Hon. Mr. HUGHES: No; it was in January of this year.

Hon. Mr. DANDURAND: All right. If the 1938 report does not contain all the information, then I shall try to get a copy of the earlier document. In fact, there is a copy on the table in my room just now. But if its contents are in the 1938 report, the House will not have to consider reprinting that earlier document.

Hon. Mr. HUGHES: Will the honourable gentleman give me a copy of the complete report?

ST. LAWRENCE SHIP CANAL

DISCUSSION

Hon. J. P. B. CASGRAIN: Have the Orders of the Day been called?

Hon. Mr. DANDURAND: There are no Orders of the Day.

Hon. Mr. CASGRAIN: Then, that gives me a chance to speak. I am not going to make a speech, though. I read in the Montreal Gazette this morning that some people want to resurrect that old corpse known as the St. Lawrence Ship Canal. I think the new proposition is that the United States should go ahead with the building of the canal. Now, the spending of money here by the United States would mean giving certain rights to that country. Any honourable member who is interested in this matter can look back in Hansard and find out all about it, for I dealt with it many years ago. The Americans want to be granted a licence over a strip five or ten miles wide, on both sides of the St. Lawrence, from Ontario to the Atlantic, and over that strip the Stars and Stripes would fly—

Some Hon. SENATORS: No, no.

Hon. Mr. DANDURAND: Oh, no! Is the honourable gentleman—

Hon. Mr. CASGRAIN: I do not want any interruption.

Hon. Mr. DANDURAND: I was merely wondering if the honourable gentleman was in order.

Hon. Mr. CASGRAIN: I have a right to speak, and I will. If you interrupt me, it will mean more time taken up. I refer honourable members to Hansard, where they will find all this set out. The Americans wanted a strip five or ten miles wide, extending from Ontario to the Atlantic—

Hon. Mr. DANDURAND: Who wanted it?

Hon. Mr. CASGRAIN: The United States.

Hon. Mr. DANDURAND: Who said so?

Hon. Mr. CASGRAIN: The United States.

Hon. Mr. DANDURAND: I beg your pardon.

Hon. Mr. BUCHANAN: When?

Hon. Mr. CASGRAIN: Read Hansard. I will bring it to you.

Hon. Mr. BEAUBIEN: Who said it?

Hon. Mr. CASGRAIN: Now, nine-tenths of that canal would be in my province. We do not want the Stars and Stripes flying over our province. It would not be the first time that we objected. In 1775 every English-speaking North American colony turned traitor to the Empire. Is that right?

Some Hon. SENATORS: No.

Hon. Mr. CASGRAIN: The only colonists who remained faithful were the French Canadians. Why? Because the Catholic clergy of Montreal would not join the rebellious colonists. The clergy felt that those colonists would not respect the grant made by Louis XIV in 1660 to the gentlemen of St. Sulpice, whereby they were given the Island of Montreal on condition that there should be no tithes levied and no church fees. Nobody can contradict that. It is history. If anybody doubts my statement, he can go to the Parliamentary Library and study the history of that time.

To-day we have the United States requesting Canada to join them in building the St. Lawrence Ship Canal. That is a proposition that should be debated in an insane asylum. I challenge any honourable senator to bring forward one sea-going captain to state that ships of 8,000 or 10,000 tons can be navigated economically in restricted waters. If any honourable member can bring forward two sea-faring captains, or even one, to say that it can be done, I will bow my head and never say another word in opposition to the project. I have entertained sea-faring captains, and they have told me that if the canal were built and they were asked to take a ship to Port Arthur or Fort William, they would say: "Here is my resignation. Appoint another captain." It would take considerably longer to go from Montreal to Fort William than from Montreal to Liverpool. This canal scheme is crazy. It has no right to exist. It was rejected by the Senate of the United States. In the official report of the debate in the Senate at Washington, which I read, I found whole paragraphs taken word for word from my speech in this House as recorded in our Hansard. My name is never mentioned, but, thank God, somebody saw to it that my speech got to those United States senators. They made good use of it: they knocked out the Bill.

Before I die I want to see this project dead. All I ask is that in reply to any request from the Government of the United States for permission to build things in Canada and to bring in their troops to protect their interests, Canada should say, "No." And she should say so now; not wait until the situation has become involved. Our Government should say right now, "We do not want you to come to Canada." Honourable members know very well what would happen if the United States insisted. In this connection let me quote what Sir Rodolphe Forget used to say so often: "The only thing we could do if the United States wanted to march into Canada would be to telephone to them, 'Come in, but don't break anything.'"

Hon. RAOUL DANDURAND: Honourable senators will realize that my honourable friend from De Lanaudière (Hon. Mr. Casgrain) has disregarded both the procedure and the ethics of this Chamber in raising an international question. Such an important question should not be treated so lightly as the honourable gentleman has treated it. I told him that he was out of order, but I did not insist upon a decision from the Chair. I desire to register a strong protest against the wild statements made touching a document which has not yet reached us except through the press. I do so because I feel that I should protect the reputation of our Parliament in any matter of international import, and particularly when it concerns our neighbours to the south.

RADIO BILL

FIRST READING

A message was received from the House of Commons with Bill 52, an Act respecting Radio in Canada.

The Bill was read the first time.

FARMERS' CREDITORS ARRANGEMENT ACT

REPORT TABLED

Hon. RAOUL DANDURAND: I desire to lay on the Table the annual report on the Farmers' Creditors Arrangement Act, 1934,—

Right Hon. Mr. MEIGHEN: Hear, hear.

Hon. Mr. DANDURAND: —for the fiscal year 1937-1938. I shall lay on the Table three copies, so that my honourable friend from King's (Hon. Mr. Hughes) and the honourable junior member from Winnipeg (Hon. Mr. Haig) may each have a copy for examination; but I would ask them to please return these copies to the Table in case other members would like to see them. If the honourable gentlemen do not find all they are looking for, I shall endeavour to get the report which was brought down in the other House in January last.

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

THE SENATE

Thursday, June 2, 1938.

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

Prayers and routine proceedings.

EXCISE BILL

FIRST READING

A message was received from the House of Commons with Bill 123, an Act to amend the Excise Act, 1934.

The Bill was read the first time.

RAILWAY WAGES

INQUIRY

Hon. Mr. MURDOCK inquired of the Government:

1. What was the total number of employees on all the railways operating in Canada in the year 1914?
2. What was the average annual salary or wages paid to all the employees engaged in operating the railways in Canada in the year 1914?
3. What was the total number of employees on all the railways operating in Canada in the year 1917?
4. What was the average annual salary or wages paid to all the employees engaged in operating the railways in Canada in the year 1917?
5. What was the total number of employees on all the railways operating in Canada in the year 1937?
6. What was the average annual salary or wages paid to all the employees engaged in operating the railways in Canada in the year 1937?

Hon. Mr. DANDURAND: I have the following answers to the honourable gentleman's questions:

1. 159,142.
2. $702.
3. 146,175.
4. $887.
5. 133,432.
6. $1,449.

FARMERS' CREDITORS ARRANGEMENT ACT

INCOMPLETE RETURN

On the Orders of the Day:

Hon. J. J. HUGHES: Honourable senators, referring to the report tabled yesterday with respect to the Farmers' Creditors Arrangement Act, I would point out that there is a schedule missing which was contained in the report submitted to the Commons last January. The honourable leader of the Senate, if I mistake not, stated that the report to be submitted to us would include a summary of the proceedings from the inception of the Act to March 31, 1938. Some of the schedules in the report tabled yesterday do contain such a summary, but others do not. In order to understand the question it is necessary that we have also the report submitted to the Commons last January. This later report, for instance, omits a schedule showing the expenses of the head office at Ottawa for the fiscal year 1937-38.

Hon. Mr. DANDURAND: Do you want that?

Hon. Mr. HUGHES: I want that. In addition, I want the report which was tabled in the Commons last January.

Hon. Mr. DANDURAND: Of which you have a copy.

Hon. Mr. HUGHES: I had, but, as it was lent to me, I had to return it.

Hon. Mr. DANDURAND: I will lend you my copy.

Hon. Mr. HUGHES: Thanks. In my opinion the members of this House cannot understand the question properly unless they have both reports before them. I would suggest, therefore, that we have a sufficient number of copies of both reports printed.

Some Hon. SENATORS: Carried.

Hon. Mr. DANDURAND: The Banking and Commerce Committee, to which this matter has been referred, will be sitting next week. My honourable friend will have the full statement, which is on my table, and which we compared together lately, and the director of the service will appear before the committee to give information. I suggest that those senators who are interested in this question, but are not members of the committee, should attend, so as to be fully informed as to all details of the operations of the board.

Hon. Mr. BEAUBIEN: May I suggest to my honourable friend that if he does not wish to get the report printed he could perhaps have four or five copies made available to us? It is not possible during the sitting of a committee to take a report of forty or fifty pages and find out, right on the spur of the moment, what you want to get out of it. If there were even one copy available, anyone who studied it could obtain what is essential and could then pass the report over to somebody else who is interested.

Hon. Mr. DANDURAND: I will get from the Department of Finance all the copies it has. The honourable gentleman (Hon. Mr. Hughes) states there is only one sheet missing from the statement I tabled yesterday. I will get that sheet.

Hon. Mr. HUGHES: There is really more than that, though that is the outstanding omission. Headings of expenditures in the report laid on the Table yesterday are different from those of the report tabled in the Commons last January. It takes a little time to arrange the matter so one can understand it.

Hon. Mr. DANDURAND: I will give to my honourable friend right here and now the copy I have.

Hon. Mr. HUGHES: It is not for me, it is for the House to decide—

Hon. Mr. DANDURAND: Certainly.

Hon. Mr. HUGHES: —whether or not we should have a sufficient number of copies to enable honourable members to have the facts before them. There is a great deal contained in this report. I am quite satisfied to leave myself in the judgment of the House, but I think we should have a sufficient number of copies before us to enable those who take an interest in this matter to give an intelligent vote when the question comes to a vote.

Hon. Mr. CASGRAIN: As any newspaper man knows, it costs very little to print additional copies. It means only the price of the paper, once the type is set up.

Hon. Mr. MacARTHUR: I may be able to throw a little light on the subject. We get tons of reports printed, at a cost of many thousands of dollars, and most of them we throw into the waste-paper basket; but when we ask for copies of a report in which we are interested we can get only a copy or two. I spent two days going to the Distribution Office and seeing different officials, and finally Mr. Boulet, of the Commons staff, told me he had only one copy of Return No. 98, and with great reluctance he let me have it for a short time. Before I had finished with it there was a telephone request for its immediate return. In the meantime I was in the office of a member of the other House and he handed me a copy of the report. So there must be more than one copy available, and it seems to me there is something wrong with the explanation. To-day I wanted a copy of the report which was tabled yesterday, and Mr. Blount was good enough to give me one. I do not want to monopolize the copies. Surely other members are entitled to them. If the Government does not wish to print information that we are interested in, we might take up a subscription to defray the cost of printing.

Hon. Mr. DANDURAND: I shall try to get ten copies. If none are available, I shall ask that there be a further printing of the report.

Right Hon. Mr. MEIGHEN: Has the Government never heard of the stencil system? It will make fifty copies in fifteen minutes, and it is infinitely cheaper than printing.

Right Hon. Mr. GRAHAM: It looks to be.

Hon. Mr. DANDURAND: I shall bring that suggestion to the attention of the appropriate officials.

RAILWAY COMMITTEE ROOM OF SENATE

LACK OF VENTILATION

On the Orders of the Day:

Hon. E. S. LITTLE: Before the Orders of the Day are called, I should like to ask the leader of the Government if anything can be done with regard to the ventilation, or lack of ventilation, of room 262, in which the hearings of the Special Railway Committee have been taking place during the last few weeks. I can see certain members of the committee

growing old from the lack of air in that room. It is an inside room, and no air is obtainable except from the courtyard. In the winter time this may be all right, but when the season changes and the hot weather comes it is almost impossible to sit in that room for any length of time without being seriously affected. The Senate at the present time is considering an expenditure for the further dissemination of what might be termed "hot air," and I should like to ask the leader of the Government if he will not take up with the Department of Public Works the question of conditioning the air in the railway committee room of the Senate.

Hon. Mr. DANDURAND: I shall see the Minister of Public Works on this matter. The atmosphere of that committee room has been improved during the winter, but I understand that when the windows are open the conditioning mechanism is of no avail. I shall bring to the attention of the Department of Public Works the fact that the atmosphere in that room is somewhat heavy.

Hon. Mr. CALDER: It is terrible.

BUSINESS OF THE SENATE

Hon. Mr. DANDURAND: I would draw the attention of honourable members to the fact that quite a number of bills, some public and some private, have been referred to various committees. I should expect persons interested in those bills to communicate with Mr. Hinds, Chief Clerk of Committees, and be ready to proceed next week, preferably Tuesday and Wednesday. Of course, if it is necessary to extend sittings of the committees to Thursday, we shall do so. I wish to remind honourable members that next week we shall attend to the work that is before our standing committees.

Right Hon. Mr. MEIGHEN: Early next week.

Hon. Mr. DANDURAND: Early next week.

The Senate adjourned until Monday, June 6, at 8 p.m.

THE SENATE

Monday, June 6, 1938.

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

Prayers and routine proceedings.

COMMITTEE ON IMMIGRATION AND LABOUR

APPOINTMENT OF NEW MEMBER

Hon. RAOUL DANDURAND: Honourable senators, my attention has been drawn to the fact that the Standing Committee on Immigration and Labour has lost one of its members, the late Hon. Mr. Fripp. In looking over the composition of that committee I find that there is no representative from the province of Quebec, and I would therefore move, seconded by Hon. Mr. Ballantyne, that the name of Hon. Senator L'Espérance be added to the list of members constituting the committee.

The motion was agreed to.

COMMITTEE ON RAILWAY CONDITION

PRINTING OF PROCEEDINGS

On the Orders of the Day:

Right Hon. G. P. GRAHAM: Honourable members, I am informed by the Clerk of Committees that the supply of copies in English of the proceedings of the Special Committee on Railways has been exhausted. The supply in French is still ample. I have conferred with the leader of the House, and it has been suggested that instead of waiting for the committee to pass a resolution to be presented to the House, I might venture to move, seconded by the joint chairman of the committee (Hon. Mr. Beaubien), that 200 extra copies in English be printed. I may say that, as the type is all standing, the printing will be only a small matter. I therefore move, seconded by Hon. Mr. Beaubien, with the leave of the Senate:

That the Special Committee on the Railway Condition in Canada be authorized to print 200 additional copies of its day-to-day proceedings, and that rule 100 be suspended in so far as it relates to the said printing.

The motion was agreed to.

CANADA SHIPPING BILL

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 9, an Act to amend the Canada Shipping Act, 1934.

He said: Honourable senators, the purpose of this Bill is to enable the Government of Canada to control the carrying of munitions by ships registered in Canada, to countries that are engaged in war or civil conflict. It is complementary to an Act which we passed last year.

This Bill was prepared for the last session, but, as that session was shortened on account

of the Coronation and Imperial Conference proceedings, it became impracticable to introduce it then.

It will be recalled that during last session Parliament amended section 290 of the Customs Act in order, among other things, to modernize and make more effective the long-standing power to control the export from Canada of arms and munitions of war, including articles capable of being converted thereinto or made useful in the production thereof. That amendment was the result of careful inquiries conducted by the Government into the proceedings of the committee of the Geneva Disarmament Conference which had studied the international traffic in arms and munitions. The actual practice of other countries in the same field was also considered. Last year's legislation, so far as the control of exports is concerned, placed Canada in line with many other countries throughout the world, including Great Britain and the United States and the western European countries.

In pursuance of that legislation the Government, also in line with the practice of the countries mentioned, has established a licensing system covering a specified list of arms, ammunition and implements of war. This list is in general conformity with a list which was compiled by the committee of the Disarmament Conference and with similar lists adopted by other countries. The result is that none of the arms or other articles specified in the list can be exported from Canada without a licence issued by the Department of National Revenue. The applicant for such a licence is required to give full information regarding the proposed export, and upon his furnishing this information the licence is issued, except in cases where a duly authorized restriction has been placed upon exports to the proposed destination. The result of such licensing systems established by various countries is that information becomes readily available as to the extent and character of the trade in arms.

In further pursuance of last year's amendment of the Customs Act, an Order in Council was passed at the end of July, 1937, specifically prohibiting the export to Spain of this list of arms, munitions and implements of war; so that no licences can be granted for such export to Spanish territory. As is well known, twenty-seven European countries were engaged in an effort to carry out a non-intervention agreement respecting the Spanish conflict. Most honourable members know also that the effort of the non-intervention committee has to a large extent met with failure. The agreement, whatever may be said as to evasions of it, contemplated that the countries concerned should refrain from supplying arms and implements of war to either side of that conflict. It is understood that the broad aim of the agreement is to prevent other countries from becoming embroiled, and thus to prevent the conflict from spreading. It was also hoped to shorten the conflict. Canada is not a party to the non-intervention agreement; but it is no part of Canadian policy to intervene in the Spanish conflict, and it was undesirable to leave Canada in the position of seeming to sanction activities which might to some extent defeat or run counter to the purposes of the agreement and to the general policy of neutrality. Accordingly, the Order in Council of last July was passed. It will be recalled that earlier in the year the United States Government had also prohibited the export of a similar list of arms and implements of war to Spain or Spanish territory. The United States are not a party to the non-intervention agreement.

The expediency of the present Bill also arises from the general situation as already explained. More immediately its preparation was suggested by various incidents affecting shipping which have occurred from time to time since the beginning of the Spanish conflict.

When the Bill is carefully examined, however, in relation to our existing law and to the actual state of Canadian shipping, it will be found that its practical effect has only a narrow scope. The Bill gives power to exercise a certain control over the activities of Canadian ships—that is to say, ships on Canadian registry—that might get involved in some incident of an international conflict. Two situations have to be considered in this connection. The first situation is where a ship carries arms or munitions of war shipped from a Canadian port and destined for countries or regions which are in a state of war or conflict. Practically speaking, that situation can already be completely controlled under section 290 of the Customs Act as amended last session; because whenever a proper case arises shipments of such goods from Canadian ports, whether by ships on Canadian registry or on any other registry, can be prevented under the power to prohibit exports from Canada. The second situation is where a Canadian ship trading abroad might, at some foreign port, accept a cargo of such warlike articles for carriage to some other foreign country or region then engaged in war or conflict. That is a situation which it is possible for Canada to control, since Canada possesses jurisdiction over the activities of her own merchant ships wherever they

may be. It is that situation which the Bill therefore is primarily intended to cover, though incidentally, to be consistent, it includes a like power over Canadian ships trading from Canadian ports. It may further be noted that in actual fact Canada has no great merchant marine engaged in trade between foreign ports and other foreign ports.

But while, as I have stated, the Bill may have only a narrow practical effect, it is considered useful to have this precautionary power on the Statute Book in case necessity arises and in order to be able to ensure, if desirable, that Canada may not run counter to some international policy adopted by other countries with which Canada may agree. The broad object might be regarded as twofold: to be able in appropriate cases to avoid what might be taken as a Canadian public policy of intervention in some conflict, and to be able to prevent Canadian registered ships, for their own sake, from getting into difficult situations.

It may be noted that this proposal is in line with measures taken by other countries. In December, 1936, the Parliament of the United Kingdom adopted similar legislation, known as the Merchant Shipping (Carriage of Munitions to Spain) Act, 1936. The scheme of the present Bill gives a general power of control in such situations, rather than a power confined to one particular situation. Under the neutrality legislation of the United States a similar kind of control over United States shipping is provided.

The Bill provides for a new section, No. 703A, to be inserted in our basic shipping legislation, that is, the Canada Shipping Act, 1934. Under subsections 1, 2 and 3 the Governor in Council may by regulation designate the territory in a state of war or armed conflict to which the section is to apply, and the arms, ammunition or other materials which are to be affected, and thereupon it will be unlawful for a Canadian ship to carry such articles from a foreign port to the area of conflict, or from a Canadian port either. Subsections 4, 5, 6 and 7, together with other penalty sections of the basic Canada Shipping Act, provide for such matters as the definition of the indictable offence, the jurisdiction of the Exchequer Court and certain other courts, the powers of certain officers, and, generally speaking, the means for enforcing the purposes of the proposed new section.

After a perusal of the discussion which took place in the Commons, it is evident that the purpose of the Bill is to prevent Canadian ships on the high seas from transhipping munitions destined to a country engaged in war or civil conflict, or from carrying such goods from a foreign port to prohibited zones. It may be said that we have very few ships engaged in such trade, for instance, in the Mediterranean or in the Far East; but it is well to deter our shipping companies from violating the law. True, Canadian ships could not be proceeded against while in a foreign port, but on their return to Canada they would be amenable to our law.

The Bill is limited in its scope because we have already amended our Customs Act along these lines. It is desirable to preserve the good name of Canada in carrying out our international obligations in respect to matters of this kind.

With these explanations I move the second reading of this Bill, seconded by the Right Hon. Mr. Graham.

Right Hon. ARTHUR MEIGHEN: Honourable members, the leader of the House has made clear the general purpose of this proposed legislation. As I have just arrived, I have had neither time nor opportunity to read the Bill. The question in my mind is this. I notice from explanations given that the Bill provides for control of the conduct of vessels not only when they are trading into a country designated by the Government of Canada as being at war, or in which a state of war exists, but when they are in any zone designated by our Government. I wonder whether such a zone impliedly includes the shores of countries other than the country at war or in whose territory war is being carried on. Under this legislation, because Spain, say, is at war, is the Government of Canada to have power virtually to take control of shipping in any zone denominated or delimited by our Government, including, of course, the territory and shores of Spain? If so, it is a prodigious power.

Hon. Mr. DANDURAND: The question was put to the Minister, and the example given was that of Portugal.

Right Hon. Mr. MEIGHEN: What about France?

Hon. Mr. DANDURAND: The answer was that if it appeared that there was a regular channel of communication for the export of goods from Portugal to Spain, it could well be prohibited as one of the war zones. The further question was put: What about Italy, which is supposed to be somewhat friendly to one of the contesting parties in Spain?

Right Hon. Mr. MEIGHEN: An avowed participant.

Hon. Mr. DANDURAND: The answer was not as clear. All I can give is the answer that was made as to the example of Portugal.

Right Hon. Mr. MEIGHEN: I think this Bill will be somewhat like the sanction clauses of the Covenant of the League of Nations, in the Treaty of Versailles, which were never given practical effect.

Hon. Mr. DANDURAND: I pointed out to the Senate that in the course of time, under conditions of which we are aware, there might arise, either on the Atlantic or the Pacific situations in which it would be well for Canada to make use of this measure for the control of ships of Canadian registry. These ships are not numerous, but the time may come when Canada will desire to protect its neutrality and to see that nothing is done which is not in conformity with international law.

Hon. C. C. BALLANTYNE: As far as I know—and if I am wrong the honourable leader of the Government can correct me—the Canadian Government has no ships of any kind on any of the seas except those ships that run to the West Indies or probably to Newfoundland. I take it, therefore, that this legislation will apply more particularly to privately owned ships under Canadian register.

Hon. Mr. DANDURAND: My answer is twofold. We have under Canadian register, Canadian Government ships plying to the West Indies, and Canadian Pacific steamships operating on the Pacific. It is possible that under certain conditions foreign ships may wish to come under Canadian register for just such a purpose as is referred to. I am speaking not of conditions of to-day, but of those that may exist to-morrow. This legislation is a provident act for the future. It has often been said that to govern is to foresee, and perhaps this legislation would come within that definition.

Hon. L. COTE: May I ask the honourable leader of the Government a question with reference to subsection 3 of section 703A of this Bill? It reads:

> Subject to the provisions of subsection two of this section, the articles to which this section applies are arms, ammunition, implements or munitions of war, military, naval or air stores, or any articles deemed capable of being converted thereinto or made useful in the production thereof.

Do these include nickel and steel?

Right Hon. Mr. MEIGHEN: And wheat?

Hon. Mr. COTE: And copper?

Right Hon. Mr. MEIGHEN.

Hon. Mr. DANDURAND: I think that a list has been prepared, taken from the Disarmament Conference studies, and that the articles in it have been included in the prohibition under the Customs Act.

Hon. Mr. COTE: Let us assume that subsection 3 does cover nickel, steel and copper —as I think it obviously would, because they are capable of being made use of in the production of arms and munitions. Is there any authority now in the Governor in Council to prevent the loading of these materials on ships other than those of Canadian registry? If I understand this section correctly, it applies only to Canadian ships.

Hon. Mr. DANDURAND: Subject to correction, I would answer in the affirmative. Authority is conferred by the Customs Act.

Hon. WILLIAM DUFF: I should like to ask the honourable leader a question or two. The first part of subsection 1 of section 703A says:

> No article to which this section applies shall be discharged at any port or place in any territory designated by the Governor in Council for the purposes of this section or within the territorial waters adjacent to such territory from a ship registered in Canada.

The first question I would put is whether other nations are passing a similar law. If they are not, this provision would impose a hardship on privately owned Canadian vessels which loaded a cargo in, say, Buenos Aires, in not allowing them to land it in Great Britain or any part of Europe. It seems to me that before Canada takes any step of this kind there should be an international agreement.

The section continues:

> —and no such article shall be transhipped on the high seas from any such ship into any vessel bound for any such port or place.

I take exception to that provision. I do not think this Parliament has any right to prevent a vessel from going on the high seas and taking on board a cargo from another ship, unless, as I have said, there is an international agreement in this respect.

Hon. Mr. DANDURAND: I may inform my honourable friend that under the Statute of Westminster Canada has the full right to reach its own nationals anywhere in the world. Of course it reaches them only when they return home. The Government can establish regulations and prohibitions which must be obeyed by vessels which are under Canadian register. I think that is admitted.

Hon. Mr. DUFF: I think my honourable friend is right up to a certain point. There

are certain provisions of international law whereby the nations agree that their ships shall come under certain rules and regulations. But if a French ship can load certain cargoes in Buenos Aires or Rio de Janiero and carry them to another country, why should not a Canadian ship be allowed to do so? I say that unless there is international agreement to a clause of this kind Parliament should not pass such a provision and deprive Canadian ships of the right to carry these goods.

Hon. Mr. DANDURAND: It is my idea that the Canadian Government would act only in conjunction with other seafaring nations, and in accordance with a decision arrived at by means of conference or communication. Just now we are following other nations in our dealings with Spain, and I do not believe we would think of establishing a prohibited zone except in conjunction with other seafaring nations.

I move the second reading of the Bill, and in order that the members of the Senate may have further information on this subject, I shall move that the Bill be referred to the Standing Committee on Banking and Commerce.

Right Hon. Mr. MEIGHEN: I have no objection to the motion, but I think there must be something wrong with the explanation given. The explanation referred not only to the place where war was being carried on, but also to a zone—to some territory included in a zone. The Bill does not go so far. Since I was last on my feet I have had time to read the Bill, and I see it provides:

> The Governor in Council may from time to time by regulation
>
> (a) designate any territory or territories in which there is a state of war or armed conflict, civil or otherwise, in respect of which the provisions of this section shall apply;
>
> (b) prescribe the time or times during which such provisions shall so apply.
>
> (c) exempt in the case of any territory so designated any article or class of articles referred to in the next following subsection from the application of the provisions of this section;
>
> (d) provide otherwise for the carrying out of the intent of this section.

Hon. Mr. DANDURAND: I shall not go into a minute discussion of the various clauses of the Bill, as we generally do that in Committee of the Whole or in a standing committee. I had the impression, after reading the discussion which took place in the other House and the memorandum handed me, that the reference was to ports of a country where a war was going on.

> 703A. (1) No article to which this section applies shall be discharged at any port or place in any territory designated by the Governor in Council for the purposes of this section or within the territorial waters adjacent to such territory from a ship registered in Canada, and no such article shall be transhipped on the high seas from any such ship into any vessel bound for any such port or place, and no such article consigned to or destined for any such port or place shall be taken on board or carried in any such ship.

My right honourable friend may be correct in the point he raises, but we can look into that in committee.

Right Hon. Mr. MEIGHEN: All right.

Hon. WILLIAM DUFF: Honourable senators, I should like to ask a question of the honourable leader of the House (Hon. Mr. Dandurand). Is it not a fact that ships owned in the British Isles now load munitions of war and other goods and endeavour to get them into Spain? Surely, if the British Government permits this, our Parliament should not forbid ships of Canadian registration from doing the same business if they can. When those British ships arrive in Spanish waters they are liable to be sunk, and some of them have been sunk. They take that chance. It seems to me that it will be time for us to move when the British Government moves to prevent ships owned by its own people from carrying war supplies to Spain, China, or any other country engaged in war.

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

REFERRED TO COMMITTEE

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

NATURAL RESOURCES TRANSFER (AMENDMENT) BILL

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 106, an Act to amend The Manitoba Natural Resources Act, The Alberta Natural Resources Acts, and the Saskatchewan Natural Resources Acts.

He said: Honourable senators, this Bill has for its object the confirmation of agreements transferring the natural resources to the three Western Provinces. The transfers were made under agreements which mentioned that all lands, mines and minerals in the right of the Crown were to be transferred to the respective provinces. There has been doubt as to whether those terms included waters and water-powers,

and in order to remove the doubt an additional agreement has been signed with each of the three provinces, transferring to them waters and water-powers as well. It was always the intention that such transfer should be made.

The additional agreements with the respective provinces are set out as a schedule to this Bill. It will be noticed that the one with Alberta contains an amendment to the original transfer agreement, relating to conservation of the oil and gas resources which are found in the Turner Valley.

The Bill itself is very brief. Its two provisions are:

This Act, and the Manitoba Natural Resources Act, chapter twenty-nine of the statutes of 1930 (first session), and the Alberta Natural Resources Acts, chapter three of the statutes of 1930 (first session) and chapter fifteen of the statutes of 1931, and the Saskatchewan Natural Resources Acts, chapter forty-one of the statutes of 1930 (first session) and chapter fifty-one of the statutes of 1931, respectively, shall be construed together.

The agreements set out in the schedule to this Act are hereby confirmed and shall have and take effect according to their respective terms.

Right Hon. Mr. MEIGHEN: Why is it that there is no explanatory note with this Bill? If ever there was a case where a short note would make clear the purposes of a measure, this is one, but no person has gone to the trouble of inserting even a sentence.

Hon. Mr. DANDURAND: Perhaps that was because the Bill contains nothing but the two sections which I have read and the agreements with the three provinces. I confess that I had not observed the absence of any explanatory note.

Right Hon. Mr. MEIGHEN: The sections of the Bill do not mean anything. A person might read them fifty times and not be a bit the wiser. The whole meaning is embodied in the agreements, whose purpose could have been explained by a short note.

Hon. Mr. DANDURAND: The object of the Bill is simply to give force and effect to the three agreements, which amend the original agreements with the three provinces in the way I have already intimated.

Right Hon. Mr. MEIGHEN: I shall have time to read these new agreements before we get to committee. I presume it is the intention to send the Bill there, for I see that our Law Clerk has suggested an amendment.

Hon. Mr. DANDURAND: I thought that if second reading were given now, the Bill could be taken up in Committee of the Whole to-morrow.

Right Hon. Mr. MEIGHEN: All right.

Hon. Mr. DANDURAND: I shall then ask someone to move the amendment that has been suggested by our Law Clerk.

Right Hon. Mr. MEIGHEN: Yes, that will be agreeable.

Hon. W. A. BUCHANAN: Honourable senators, I have been told some things which, to me at least, are alarming, with regard to the administration of natural resources by Alberta since they were taken over by that province. I am wondering whether the placing of natural resources under the control of Alberta is in the best interest of that province and the neighbouring province of Saskatchewan.

Hon. Mr. DANDURAND: But I would remind my honourable friend that the transfers have taken place.

Hon. Mr. BUCHANAN: I know. I merely want to bring out one or two facts concerning protection of timber on the eastern slope of the Rocky Mountains, which has a considerable bearing on the water supply of Alberta and Saskatchewan. I realize that the present Bill cannot affect the situation at all. Information which has come to me from reliable sources shows that in the six years prior to the transfer of the resources from the Dominion 58,530 acres were burned over in that part of the forest reserve on the eastern slope of the Rocky Mountains, or within the province of Alberta, with a loss of somewhere around $20,000. The province began administering the resources in 1931, I think, and in the six years from then until 1936 there were destroyed by fire in the same area more than 235,000 acres, with a loss of $1,600,000. The reason is that these forests are not being properly protected. This is associated with the water supply. If we are going to lose large areas of timber on the eastern slope of the Rocky Mountains through neglect to carry on proper fire prevention methods, the water resources of Alberta and Saskatchewan will be interfered with. These water resources have been improved in recent years more than at any previous time in the history of the West, because of the program for rehabilitation and for the conservation of water in these two provinces, which was introduced by the late Government and carried out by the present one. This seemed to me an opportune time to bring these facts to the attention of Parliament.

Further, I understand that the province of Alberta is asking that the Dominion Government should take back the forests and administer and protect them. In fact, it has been stated in the press several times within the last few months that such a request has actually

been presented to the Government. This would indicate that the province feels it cannot properly protect these forests. And I repeat that since protection of these limits is closely associated with water conservation, I am wondering whether the placing of the water-powers under the control of the Government of Alberta will be to the advantage of that province and its neighbour, Saskatchewan. It seems to me that unless some arrangement is made to restore the forests to the Dominion, the situation will become more dangerous year by year.

Hon. Mr. DANDURAND: I may inform my honourable friend that in the original agreement between the Dominion and the province of Alberta the intention was—as it was in the agreements with the other Western Provinces—to transfer all the natural resources. This implied the inclusion of waters and water-powers, but, as some question has arisen concerning the interpretation of the agreements, this Bill is presented for the purpose of doing away with any doubt. In other words, the Bill is merely a declaration of the meaning of the original agreements. I say this in order that my honourable friend may realize that even if the Bill were not passed the three Western Provinces would still claim control over the waters.

Hon. Mr. BUCHANAN: I am fully aware of the purpose of the Bill. I merely wanted to bring the facts to the attention of the Senate.

Right Hon. ARTHUR MEIGHEN: I am very glad the honourable senator from Lethbridge (Hon. Mr. Buchanan) has spoken as he has. I remember well that when I was in the other House and had charge of the department in which the forests were administered I strongly urged that in the event of transfer of resources to the Western Provinces there should be reservation of forests and of parks, and I believe I included water-powers. However, the Dominion went anywhere but along the path of reason when making these transfers. Common sense would show anyone that the federal authority would surely be able to give more economical and efficient fire protection to forests than would separate provinces, which have to delimit their powers to their boundaries and establish a multiplication of machinery. I do not know why forests and parks were transferred, but the transfer was made, and I do not suppose it can now be reversed.

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

NATIONAL HARBOURS BOARD BILL

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 108, an Act to amend The National Harbours Board Act, 1936.

He said: Honourable senators, I would direct attention to the explanatory note, which reads:

> The purpose of this amendment is to provide that a person who has a claim against the National Harbours Board arising out of any contract with the board or arising out of the death or injury to the person or property resulting from the negligence of any officer or servant of the board while acting within the scope of his employment, may be proceeded with in any court of competent jurisdiction having jurisdiction in like claims between subjects; to provide upon whom process may be served in the event of such action, suit or proceeding being instituted, and to provide the manner in which a judgment obtained against the board may be paid.

The Government has submitted this Bill to Parliament at the request of the Minister of Justice. I think it will be generally accepted as desirable. Indeed it may well be that similar legislation should be extended in other directions, since the Government is expanding its activities. I believe this Bill is a first step in the right direction.

Right Hon. Mr. MEIGHEN: I am wondering who prepared the explanatory note. I know from it the purpose of the Bill, but that is badly expressed; in fact the English is positively poor. I direct honourable members' attention to this language:

> The purpose of this amendment is to provide that a person who has a claim—

and so forth—

> —may be proceeded with in any court.

Why would you "proceed with" a person?

Right Hon. Mr. GRAHAM: You want him as a witness.

Right Hon. Mr. MEIGHEN: The honourable leader comments that the Bill is a step in the right direction. Well, possibly it is all right on the assumption that the National Harbours Board is in the nature of the Canadian National Railways. He suggests that similar legislation should be extended to other Government activities because they are expanding so much. The remedy, I suggest, would be to restrict Government activities rather than extend the privilege of suing the Government. This restriction would be much better for the taxpayers of Canada.

Right Hon. Mr. GRAHAM: Honourable senators, this is not the beginning.

Right Hon. Mr. MEIGHEN: I know it is not.

Right Hon. Mr. GRAHAM: A good many years ago the employees of the Prince Edward Island Railway and the Intercolonial Railway found it very exasperating that they could not take legal proceedings against the Government without first obtaining a fiat under the Exchequer Court Act. I succeeded in getting the law changed, and since that time persons in the employ of the Government railways can proceed in the courts against those railways as though they were suing a private citizen.

Hon. Mr. CALDER: What is the position so far as the Civil Service is concerned? Suppose a man is injured while operating an elevator in a Government building, and he claims two or three thousand dollars' damages.

Right Hon. Mr. MEIGHEN: He must get a fiat.

Hon. Mr. DANDURAND: As I said, this is the first step to free citizens from the obligation of securing a fiat to sue His Majesty's Government.

Hon. Mr. CALDER: I think it is right.

Hon. Mr. DANDURAND: I am not sure that the principle should be extended blindly to all Government employees. There might be cases where it would not be advisable to extend it. I do not express a definite opinion, as I have not yet fully considered the point.

Right Hon. Mr. MEIGHEN: Go very easy on that.

Hon. Mr. CALDER: I suppose if the door were opened very wide there would be the possibility of a jury, say, looking at the question from this standpoint: "Oh, this is the Government. It can pay anything. We will give the poor devil a verdict of so many thousand dollars whether he is entitled to it or not."

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

Hon. Mr. DANDURAND: This is a very simple Bill, and no amendments are suggested by our Law Clerk.

Right Hon. Mr. MEIGHEN: Third reading to-morrow.

Hon. Mr. DANDURAND: I move that this Bill be placed on the Order Paper for third reading at the next sitting of the House.

The motion was agreed to.

EXCHEQUER COURT BILL

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 109, an Act to amend the Exchequer Court Act.

He said: Honourable senators will observe the explanatory note:

1. The repealed paragraph and the introductory wording of section 19 read as follows:

"19. The Exchequer Court shall also have exclusive original jurisdiction to hear and determine the following matters:

"(c) Every claim against the Crown arising out of any death or injury to the person or to property resulting from the negligence of any officer or servant of the Crown while acting within the scope of his duties or employment upon any public work;"

The purpose of this amendment is to extend the jurisdiction of the Exchequer Court in cases where claims are made against the Crown arising out of any death or injury to person or property resulting from the negligence of any officer or servant of the Crown while acting within the scope of his duties or employment. Under the present law the Crown is only liable in such cases if the death or injury occurred upon "any public work."

This Bill is complementary to Bill 108, which has just been given second reading.

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

THIRD READING

On motion of Hon. Mr. Dandurand, the Bill was read the third time, and passed.

NEW WESTMINSTER HARBOUR COMMISSIONERS BILL

SECOND READING

Hon. Mr. DANDURAND moved the second reading of Bill 111, an Act to amend the New Westminster Harbour Commissioners Act.

He said: The explanatory note gives the gist of the Bill in these words:

The purpose of this Bill is to extend the harbour of New Westminster to include a small area now lying between the harbour of New Westminster and the North Fraser harbour, and to provide remuneration for the commissioners out of harbour revenues.

The Bill is divided into two sections. The first is to include in the boundaries of New Westminster harbour a small area lying between the present jurisdiction of New Westminster Harbour Commission and the jurisdiction of North Fraser Harbour Commission. This area results from a change in the boundaries of the North Fraser Harbour Commission, and it is desirable that either one commission or the other should have jurisdiction over it.

The second part provides that the Governor in Council may set up such remuneration for the New Westminster Harbour Commission as the Government may determine. The present situation is somewhat unsatisfactory. No provision is made for paying the commissioners; so the remuneration is obtained through the appointment of the chairman to the position of port manager. In that capacity he draws a substantial salary, part of which, I believe, is paid by him to his two fellow commissioners. It is not considered desirable to do indirectly a thing which is not provided for in the Act. Harbour commissioners throughout Canada are paid small salaries for their services, and the Government believes that the request of the city of New Westminster should be granted, and that provision should be made for the remuneration of these harbour commissioners.

May I add that this port has been built up mainly by the city of New Westminster, which has a large interest in its administration. I understand that the port is doing a thriving business and has been well administered.

It may be asked how the small piece of land has stood between these two jurisdictions. I find from the discussion which took place in the other House that the land really belonged to the Government of Canada. It is now being added to the harbour of New Westminster in order that it may be administered by the harbour commissioners.

Hon. Mr. BALLANTYNE: Would the honourable leader of the Government kindly inform the House what salary has been voted to one of the commissioners who, if I understood my honourable friend correctly, was named general manager and draws a substantial salary, which he divides with the other commissioners? I notice the Minister said in another place that the remuneration is very small. How much is to be paid by way of remuneration to the commissioners?

Hon. Mr. DANDURAND: The Minister was asked if there were three commissioners at the present time, and he answered:

Yes. The late chairman, who is the appointee of the city, died recently; but the city has made a nomination to replace him, and the nominee has been approved by the Government; so there are three harbour commissioners. It is the practice, and has been for some time, to pay the chairman of the harbour commission a salary as port manager. Of course it is somewhat irregular to have a member of a commission also an employee of the commission, which he is in fact under this arrangement; and instead of paying a salary of that kind to a commissioner as port manager it is proposed to pay each of the three commissioners a small salary. Perhaps the expenses of the port under this arrangement will not be larger than they are at the present time.

The Minister was asked:

There will be no port manager appointed to replace the presumed retiring official?

In reply the Minister stated:

I cannot say as to that. Whether a manager will be appointed is a matter for the commission to decide. It is my understanding that it is not the intention to have a port manager appointed. However, I am not promising that for the future.

This other question was asked:

Would the Minister care to comment on the principle involved in this measure, of paying harbour commissioners to look after the interests of a harbour, rather than having three commissioners on a voluntary basis, for the honour that goes with a position of that kind and the opportunity of service to their city?

To which he replied:

It is the practice in almost all harbours of this class to pay the commissioners. The work is exacting. New Westminster harbour is one of the very large and busy harbours of Canada. A great deal of time is required by the commissioners to handle their work as harbour commissioners. They are also the pilotage authority there. They have the jurisdiction of the river for, I believe, some twenty miles. To do their work properly requires a great deal of time. In my opinion it is entirely proper that these commissioners should be paid small salaries, not large salaries, for the time they give.

I think that is as far as the Minister went in stating what would be the commissioners' remuneration. From the discussion which occurred I am convinced that the city of New Westminster will take very good care that the moneys derived from the activities of the port are not spent unwisely. I think the honourable member for that division is a canny Scotchman, and I rely on the Scots of New Westminster to see that their port is well administered. As a matter of fact, it has received considerable commendation in that respect.

Hon. C. C. BALLANTYNE: Honourable senators, the responsibility does not rest on the honourable member for New Westminster, no matter whether he is a Scot or belongs to some other nationality; neither does it rest on the Council of New Westminster. It rests on the Federal Government, especially on the Minister of Transport.

We have been told over and over again to-night what a thriving port this is, and I am quite sure it is; but we have no idea what its revenues amount to. If the Bill contained a

provision to the effect that the commissioners should be paid out of the revenue a sum not exceeding a certain amount, that would, I think, be in the interest of economy; but as the Bill is drafted nobody knows how much the commissioners are going to draw out of the jack-pot at the end of the year.

Hon. Mr. DANDURAND: I have here the financial statement for the year ending December, 1937. It is as follows:

Revenues:	
Water lot rental charges for 1937.	$ 5,885 46
Harbour dues, net..	34,404 10
Bank and bond interest..	517 27
Wharf rentals..	187 52
Total ordinary revenue..	$40,994 35
Expenditures:	
Administration, legal and miscellaneous expenses..	14,859 42
Interest on Government loan.. ..	13,726 86
Total ordinary expenditures. ..	28,586 28
Ordinary revenue surplus.	12,408 07
Deduct:	
Loss on grain elevator operations.	4,043 16
Net surplus..	$ 8,364 91

These ports belong to the towns or cities where they are located, and are somewhat independent, and I doubt that we can place a limit on the remuneration to be paid the commissioners. Furthermore, I question the advisability of establishing such a precedent, because the conditions existing to-day may not be those which will prevail to-morrow.

I see that the Minister was asked:

Has the Government considered the wisdom or the feasibility of having this harbour operated, as other harbours are, under the National Harbours Board? That is the plan which has been adopted; it is an attractive proposal, and I do not know whether the experience of the Minister would enable him to express an opinion on the advisability of having this harbour operated in that manner. We are told that it is an important harbour with a great deal of business, and possibly it might come under the jurisdiction of the National Harbours Board.

His answer was:

The position of New Westminster harbour and of a number of others, such as the harbours at Hamilton, Toronto and three or four other places that I could mention, is somewhat different from the position of the eight harbours that have been brought under the National Harbours Board. Whereas in the case of the eight harbours that are under the National Harbours Board the larger part of the investment is federal, in the case of New Westminster, Toronto and Hamilton the larger part of the investment is municipal. Under the Act the municipality is entitled to representation on the board, and the funds of the harbour in excess of those required to operate or improve the port revert to the city. In the case of these harbours the city has a much larger equity than the Federal Government. We looked into the question when the Harbour Board Act was passed, and consideration was given the position of these harbours. It was thought then, and I have no reason to change my opinion, that harbours of that type where the investment is largely municipal should not be brought under the board.

From this I should draw the conclusion that the city, having the larger equity, and being on the ground to supervise the administration of the port for its own advantage, would see that there was no undue expenditure which would impair the income. I believe, therefore, we may well trust to supervision by the city of New Westminster.

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

THIRD READING POSTPONED

Hon. Mr. DANDURAND: With the leave of the House, I would move the third reading now.

Right Hon. Mr. MEIGHEN: I would suggest that the third reading be taken to-morrow. There is one thing which has been asked for, and which I think the Minister should give, namely, the amount that has been paid. There is no reason why that should not be given.

Hon. Mr. DANDURAND: There is no reason whatever. I thought I could find it in the statements. Third reading to-morrow.

Hon. J. A. CALDER: I must say that I am somewhat confused with reference to this whole harbour question. I do not understand it. We had another Harbour Commissioners Bill before us early in the session, and I was absolutely astray.

Right Hon. Mr. GRAHAM: That was in relation to Winnipeg.

Hon. Mr. CALDER: Yes. What is not clear in my mind is the relationship of these various types of harbours to the Government. In the case of Winnipeg we eventually found that the harbour was purely local and that the Government had nothing at all to do with it. It is true the Government made expenditures running to some two or three million dollars on the Red River, but the appointment of the members of the board, the fixing of fees or wharfage charges, and the payment of the commissioners were all done locally.

I have tried to follow the explanation of this Bill, but I am still at sea. As I understand it, the city has an equity in the harbour. What is meant by that? Does it mean that the city advances certain moneys to be spent on certain public works, and that

the Government advances certain moneys? In the case of Winnipeg the Government spent two or three millions, and still had nothing to do with the harbour commissioners.

Hon. Mr. DANDURAND: It was on the dredging.

Hon. Mr. CALDER: There are the St. Andrew's locks, which cost a large sum of money.

When you say the city has an equity and the Government has an equity, does that mean they both appoint members to this board?

Some Hon. SENATORS: No.

Hon. Mr. CALDER: Does the Government have anything to say with regard to the salaries to be paid, or is that a matter which is attended to entirely by local people elected by the municipality of New Westminster? I ask this because I am absolutely at sea as to how these harbours are managed, and as to who is responsible for them.

Hon. Mr. BALLANTYNE: So far as I know, the only harbour in Canada that is exclusively owned by the Government is the harbour of Montreal. At the port of Vancouver, for instance, the Government has spent millions of dollars and owns many docks, sheds, etc., but private interests own the elevators. These ports come under the Federal Government regardless of what the private interests may be.

Hon. Mr. CALDER: I should think the Government would own all ports in Canada —Halifax, Quebec, New Westminster, Vancouver and Victoria. It is true that concessions may be granted, that the lands may be sold to certain individuals, but surely Canada owns the harbours.

Hon. Mr. BALLANTYNE: They come under the Government.

Mr. CALDER: What I cannot understand is this. Here is a harbour, a real harbour, virtually on the ocean, and ocean vessels run up to it. Why has not the Government full control? Why does the Government not operate it instead of leaving it to individuals elected by a local body?

Hon. Mr. DANDURAND: The Minister has given a clear answer. The port has been built up with New Westminster money, and we have a jurisdiction, which we cannot escape. There are such ports as this at Hamilton and Toronto. They have been developed with the money of the municipalities, and it has been felt that we should not make them part of our property. They are the property of the city of Toronto or the city of Hamilton. In the case immediately before us the property is the property of the city of New Westminster; the investment is the investment of New Westminster. The remarks of the Minister would imply that the Federal Government may have advanced assistance in some form or other. The reason these ports have not been taken over and administered directly by the Federal Government is that a situation developed which allowed us to respect the ownership of these ports by the various municipalities.

Hon. Mr. CALDER: Then this port is on the same footing as the one at Winnipeg?

Hon. Mr. DANDURAND: Yes.

Right Hon. Mr. MEIGHEN: I think the explanation must be this. There is no question of the federal jurisdiction in respect of harbours. That jurisdiction is ample under the British North America Act. It is ours, and we cannot divest ourselves of it. It exists, no matter what may be the rights of a city in its own investment. In Toronto, for instance, an immense amount of work has been done, largely at the expense of the city. A vast area has been reclaimed. That has become part of the city, and probably by virtue of a contract between the city and the Government of Canada. Although harbours come under Dominion jurisdiction, the city, because of the money it has invested, has certain private rights, and a certain share of harbour dues and so forth. All these have a contractual basis and do not affect jurisdiction at all.

Hon. Mr. DANDURAND: And that is the reason why the net revenue of the port goes to the city.

Right Hon. Mr. MEIGHEN: Yes. It is a contract.

The motion for third reading was postponed.

RADIO BILL

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 52, an Act respecting radio in Canada.

He said: Honourable senators, the explanation of this Bill is quite simple, though in the discussion of the various clauses further explanations may be sought. The proposed measure is a revision of the Radiotelegraph Act, Revised Statutes of Canada, 1927, Chapter 195. The Act is revised at this time primarily because those sections referring to

ships have been transferred to the Canada Shipping Act, 1934. The revision has provided an opportunity to clarify and somewhat strengthen some of the remaining sections of the Act, particularly with regard to the licensing of radio receiving sets used for broadcast reception.

The Bill caused considerable discussion in another place. Its terms are largely those of the Radiotelegraph Act which is to be found in the Revised Statutes of 1927, though I think the legislation dates from 1913. Sometimes we have occasion to complain of the rapidity with which bills of some importance pass through the other House and come to us without having received very minute consideration. On this occasion I must compliment the other House on the time and study it has given to the Bill. It took me five or six hours to read the debates that occurred in the Commons on this measure. That does not mean that the Bill may be accepted in its entirety as to form; that simply means that the matters involved have been fairly and fully sifted and studied.

In moving the second reading of the Bill, I suggest that it be sent to the Standing Committee on Railways, Telegraphs and Harbours, because radio is very closely related to the telegraph. They are twin brothers. Just now I will content myself with simply moving the second reading of the Bill, believing that the long discussion which took place in the other Chamber has eliminated the necessity of our going into minute details.

Right Hon. ARTHUR MEIGHEN: I will not object to second reading on the understanding that the Bill is to be sent to a committee. I may say that I should greatly prefer to have a reference to a committee of which I am not a member. The measure is an important one, I know, but I have to force myself to take much interest in radio matters.

I have a suspicion that this Bill contains something which will horrify honourable members opposite. I know it is an awful charge to lay at the door of any human being, but I am told there is something here against the principles of Liberalism.

Hon. Mr. DANDURAND: It may not have been quite orthodox, but I have to confess that after attending to my religious duties yesterday I gave six or seven hours to the study of this Bill. So I am perhaps a little more au fait than my right honourable friend opposite (Right Hon. Mr. Meighen), who devoted the whole day to his religious duties. He might be surprised to find honourable members of both Houses almost unanimous in supporting certain principles which apparently caused some alarm before the measure was fully discussed in another place. As the various clauses were dealt with over there the statement was made, in a majority of cases, that they contained no change from corresponding clauses in the Radiotelegraph Act, which the Bill seeks to revise. This suggests that the legislation previously passed was good, since it is being re-enacted. However, the whole measure may be discussed at length in the committee, and I shall see that the officials who have to do with administering the Act are present there.

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

REFERRED TO COMMITTEE

On motion of Hon. Mr. Dandurand, the Bill was referred to the Standing Committee on Railways, Telegraphs and Harbours.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. McMEANS, Chairman of the Committee on Divorce, presented the following Bills, which were severally read the first time:

Bill A3, an Act for the relief of Frank Roy Hedges.

Bill B3, an Act for the relief of Jessie Fields Chambers Henry.

Bill C3, an Act for the relief of Marguerite Oldham Jamieson Macdonald.

Bill D3, an Act for the relief of Ida Hillman Livermore Woodall.

Bill E3, an Act for the relief of Gabrielle Rachel Cécile Pelissier de Kermeno de Gouzillon.

Bill F3, an Act for the relief of Millicent Barbeau Edmondson.

Bill G3, an Act for the relief of Théodore Charles Grothé.

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

THE SENATE

Tuesday, June 7, 1938.

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

Prayers and routine proceedings.

NATIONAL HARBOURS BOARD BILL

THIRD READING

On motion of Hon. Mr. Dandurand, Bill 108, an Act to amend The National Harbours Board Act, 1936, was read the third time, and passed.

NEW WESTMINSTER HARBOUR COMMISSIONERS BILL

THIRD READING

Hon. RAOUL DANDURAND moved the third reading of Bill 111, an Act to amend the New Westminster Harbour Commissioners Act.

He said: Honourable senators, yesterday I was asked to state what salary had been drawn by the harbour commissioners. I am advised that $3,600 was paid to the former general manager, but that he divided the money amongst himself and his two brother commissioners. He died recently and the vacancy has since been filled. It has not yet been decided what remuneration the new board shall receive. The Municipal Council of New Westminster has suggested that the president be paid $1,000 and the two other commissioners $500 each.

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

NATURAL RESOURCES TRANSFER (AMENDMENT) BILL

CONSIDERED IN COMMITTEE

On motion of Hon. Mr. Dandurand, the Senate went into Committee on Bill 106, an Act to amend The Manitoba Natural Resources Act, The Alberta Natural Resources Acts, and The Saskatchewan Natural Resources Acts.

Hon. Mr. Copp in the Chair.

On section 1—short title and construction:

Hon. Mr. DANDURAND: I would suggest that this section be amended by striking out the second paragraph.

The amendment was agreed to, and section 1, as amended, was agreed to.

Section 2 was agreed to.

Hon. Mr. DANDURAND: It is suggested that in place of the paragraph which has been stricken from section 1, the following be added as section 3:

> This Act shall be read and construed as one with the following Acts respectively: (a) The Manitoba Natural Resources Act, chapter twenty-nine of the statutes of 1930 (first session); (b) The Alberta Natural Resources Acts, chapter three of the statutes of 1930 (first session) and chapter fifteen of the statutes of 1931; (c) The Saskatchewan Natural Resources Acts, chapter forty-one of the statutes of 1930 (first session) and chapter fifty-one of the statutes of 1931.

I would ask my right honourable colleague to move the amendment.

Right Hon. Mr. GRAHAM: I move the amendment accordingly.

The amendment was agreed to.

The preamble and the title were agreed to.

The CHAIRMAN: Shall I report the Bill?

Hon. Mr. BUCHANAN: Before you leave the Chair, I should like to ask the honourable leader of the Government what authority the province of Alberta would have over waters in that province which are in effect international streams. Three or four rivers of considerable extent rise in the State of Montana and flow into southern Alberta, and they are the source of our water supply.

Other streams rise in Alberta and flow into the province of Saskatchewan. If the province of Alberta undertook a large irrigation scheme in connection with those streams, what would be the position of the province of Saskatchewan in respect of that undertaking?

Hon. Mr. DANDURAND: All the waters that flow into the province of Alberta are the property of the province, and are under its control. All the waters that flow from Alberta into Saskatchewan are, while running through Alberta, under the control of that province. The question which would arise would be to what extent the province of Alberta could divert those waters from the province of Saskatchewan. I take it for granted that, according to principles which I have always understood, Alberta must not lessen the quantity of water that flows into Saskatchewan.

Right Hon. Mr. MEIGHEN: The point raised by the honourable gentleman from Lethbridge (Hon. Mr. Buchanan) illustrates what I have always regarded as the folly of the transfer of these natural resources. The whole irrigation territory of Alberta is irrigated by water diverted from rivers, and it never gets back. It does not get to Saskatchewan. It could be got back if the waters were under federal jurisdiction, but I do not know how it can be done when the waters are transferred. Nor do I know what value there was in the transfer for the provinces, or why they wanted it. If the Act is such that the transfer has not actually been made, I should think these provinces would be glad to have the waters under Dominion jurisdiction. What the hurry was to take them under provincial control, I do not know. Water used for irrigation in Alberta as provided for in our irrigation law is water which in the judgment of the Parliament of Canada is used to the best possible advantage for irrigation within that province. What is

the situation at the present time? The water does not get to Saskatchewan. But I presume Saskatchewan people will say to Alberta: "You have no right to use this water in Alberta in any way that would diminish the flow into our province. We may need it too." If that position is taken, what is going to happen? Will the honourable leader of the Government say what is going to happen?

Hon. Mr. DANDURAND: The former question that was put to me I answered on general principles, but when my right honourable friend intervenes and asks me to place dots on the i's, I must ask for twenty-four hours' time before answering him.

Right Hon. Mr. MEIGHEN: The honourable gentleman was in the Government which transferred these resources. I was not.

Hon. Mr. DANDURAND: I am not sure that it was not my right honourable friend's Government that transferred the resources.

Right Hon. Mr. MEIGHEN: No; it was done in 1929.

Hon. Mr. DANDURAND: I think some action was taken after 1929.

Right Hon. Mr. MEIGHEN: This Bill recites that the agreement with Manitoba was made in 1929, that the amendment to the British North America Act took effect on the 10th of July, 1930, and the natural resources transfer agreement came into effect on the 15th of July that year. Similar dates are given with respect to the agreements with the other provinces. This was all very well for the purpose of getting votes in the West, but it had not much value as a business method of administering resources.

Hon. Mr. DANDURAND: I should not be surprised to find that the legislation was agreed to unanimously in the other House, and perhaps in this House too.

Hon. Mr. BUCHANAN: My understanding is that international streams are controlled by the International Joint Commission. It decides what flow is permissible from the stream within the State of Montana, and how much Alberta may use from the same international stream. The point I want to make certain of is how much authority the province of Alberta would have over a stream of that nature.

Right Hon. Mr. MEIGHEN: Or one flowing into Saskatchewan.

Hon. Mr. BUCHANAN: Would Alberta not have to respect the decisions of the International Joint Commission with respect to the distribution of the flow of water?

Right Hon. Mr. MEIGHEN: The honourable gentleman is quite right as to streams with international features. In such cases the disposition of water would come under the International Joint Commission. And there is a sub-commission in respect of the Lake of the Woods, where the larger areas of international water are. But the point which is in my mind and is, I think, in the mind of the honourable member also, is this. The International Joint Commission has no jurisdiction in respect of the use of water as between Alberta on the one hand and Saskatchewan on the other. What is going to be done when a dispute arises—and it seems to me one necessarily must—as to whether Alberta can divert water in such a way that it will never reach Saskatchewan along the course that it previously took?

Hon. Mr. CALDER: Such a dispute is quite possible, I understand. Take the case of the South Saskatchewan river for example. It rises in the Rocky Mountains, does not go anywhere near the United States, and after passing through Saskatchewan enters through Lake Winnipeg into Manitoba. Now, what will happen if the province of Alberta is given full jurisdiction over the water of that river? It is quite conceivable that very large irrigation works may be constructed in that province. As my right honourable friend has said, once water is diverted for irrigation it never gets back to the river from which it was taken; it cannot be used a second time, as water-powers can. In central and south-western Saskatchewan there is a large section which for the last twenty-five years—I think even for as long as thirty-five or forty years—people have had it in mind to irrigate some day. In Alberta there are two large irrigation schemes, taken from the South Saskatchewan river, not from the rivers in the southern part of Alberta. One is at Gleichen and the other is down east of that, towards Medicine Hat. So far as my knowledge goes, these are still in operation. It is quite conceivable that similar irrigation schemes may be carried out on waters that flow into the South Saskatchewan, north and south—the Red Deer river, for example—and further large irrigation districts may be established along the main branch of the Saskatchewan river between Calgary and the eastern boundary of Alberta. If that happened, the likelihood of the people of Saskatchewan ever getting any use from the waters of that river for irrigation purposes would be ended.

Hon. Mr. RILEY: Honourable senators, I should like to point out that unless some steps are taken to conserve the freshet water on the eastern slope of the Rocky Mountains,

no water from the rivers that originate there will be running down into Saskatchewan if the dry seasons continue. I have always wondered what is the most important rehabilitation work that the Government can undertake. The work of that kind that has been done is all right so far as it goes, but it was started at the wrong end. My belief is, and has been for many years, that dams should be placed on those rivers to conserve the spring freshets. Last fall several of the rivers were almost dry, but they have been known to be even lower. The farther east they go the smaller they get, because evaporation takes up much of the water. Old Indians have told me they remember when they could cross the Bow river on stones, without wetting their moccasins. And that is one of our big rivers. To-day we have the prospect of wet seasons for a while. But they will last for only a short term of years, and then there will be dry seasons again. This has been my experience ever since I have been in that country. I have seen these changes from a period of wet to a period of dry seasons three times.

I think the Government should build huge dams where those rivers come out of the mountains, and make big reservoirs. One old land surveyor, a man who knew the country well and had taken levels on the mountains, told me that one of those rivers, the Old Man's river, which breaks through a huge wall of rock in the mountains, could be dammed there and the water backed up for thirty miles. In dry seasons not only do the stream levels fall, but water supply all over the country is affected. Wells go dry. Last fall people were hauling water for miles and miles.

The building of dams and reservoirs is one way in which money could be expended well to give employment to people, and when the work was completed it would be an asset to the country for all time. A statement was made in this House some time ago that the Western country never was any good and never would be any good. Well, I got from the Department of Agriculture the figures showing the quantity of wheat raised in Canada from 1932 to 1937 and its value. As honourable members know, the large bulk of the wheat is raised in Western Canada. The total value of the wheat raised in those years —and those were lean years, when crops were poor—exceeded one billion dollars. Now, a country which can produce that much wheat is surely worth conserving.

The Bill was reported, as amended.

THIRD READING

On motion of Hon. Mr. Dandurand, the Bill was read the third time, and passed.

EXCISE BILL

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 123, an Act to amend The Excise Act, 1934.

He said: Honourable members, I will not undertake to explain the various sections of this Bill, and it is very difficult to summarize them. I may say, however, that the majority of the amendments, if not all, are purely administrative and involve no change in the rates of duty. After the Bill has been given second reading I intend to move that it be referred to the Banking and Commerce Committee.

Right Hon. Mr. MEIGHEN: This is a Bill pre-eminently for committee. The only question I have to ask now is: Are there any amendments which give extraordinary or added powers to officials of the department?

Hon. Mr. DANDURAND: I believe the statement which I have just made represents the mind of the honourable Minister of National Revenue, who introduced the Bill in the other House. I have looked through the discussion there and can find nothing to indicate that the amendments deviate from the general principles contained in the present Act. I shall have a representative of the department before the committee to explain the amendments.

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

REFERRED TO COMMITTEE

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

MUNICIPAL IMPROVEMENTS ASSISTANCE BILL

FIRST READING

A message was received from the House of Commons with Bill 143, an Act to assist municipalities in making self-liquidating improvements.

The Bill was read the first time.

SPECIAL RAILWAY COMMITTEE

FRENCH COPIES OF PROCEEDINGS

On the motion to adjourn:

Hon. G. PARENT: May I call the attention of the honourable leader of the House (Hon. Mr. Dandurand) to the fact that up to the present time we have received no French version of the evidence taken before the special committee on railway matters. I understand that yesterday the right honourable senator

from Eganville (Right Hon. Mr. Graham) asked for 200 additional copies of the English version. It would be fair to one-third of the population of this Dominion to have this evidence in French, if only for educational purposes.

Right Hon. GEORGE P. GRAHAM: I am surprised at the statement of the honourable senator from Kennebec. The evidence has already been printed in French.

Hon. Mr. PARENT: I am informed to the contrary.

Right Hon. Mr. GRAHAM: I was told yesterday there were sufficient copies in French to meet the demand, but that the Distribution Office had run out of copies in English. The English like to dabble in these things more than do our contented French compatriots.

Hon. C. P. BEAUBIEN: I might supplement the remarks of my right honourable friend from Eganville by stating that three numbers of the evidence have already been translated into French. All the translation staff is engaged on the work now and the other numbers are coming through very fast.

Hon. Mr. PARENT: For the information of my honourable friends, I may say that I sent a page for a French copy and he has just informed me that there is none available at the Distribution Office. If I am wrong I shall be perfectly willing to withdraw my remarks.

Right Hon. Mr. GRAHAM: We are all in the happy position of being right. Evidently the Bureau is a little slow with the printing.

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

THE SENATE

Wednesday, June 8, 1938.

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

Prayers and routine proceedings.

RAILWAY BILL

THIRD READING

On motion of Hon. Mr. Parent, Bill 5, an Act to amend the Railway Act, was read the third time, and passed.

FARMERS' CREDITORS ARRANGEMENT BILL

REPORT OF COMMITTEE

Hon. F. B. BLACK presented the report of the Committee on Banking and Commerce on Bill 25, an Act to amend The Farmers' Creditors Arrangement Act, 1934, and moved concurrence therein.

Hon. RAOUL DANDURAND: The amendment proposed by the Banking and Commerce Committee varies to a certain extent the policy contained in the last clause of the Bill:

> On and after a date to be fixed by proclamation of the Governor in Council, no new proposal shall be made or filed by any farmer or accepted by any official receiver in any province in respect of which the said proclamation is issued.

The suggested amendment is in these terms:

> No proposal shall be received in any province later than the 31st December, 1938, except in the provinces of Saskatchewan and Alberta.

I may ask the opinion of the House with respect to this amendment on the motion for third reading.

The motion was agreed to.

SHOP CARDS REGISTRATION BILL

REPORT OF COMMITTEE

Hon. JAMES MURDOCK presented the report of the Standing Committee on Immigration and Labour on Bill 22, an Act respecting the Registration of Shop Cards by Labour Unions, and moved concurrence therein.

The motion was agreed to.

THIRD READING

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

Hon. Mr. DUFF: On division.

Right Hon. Mr. MEIGHEN: Honourable members, I wish to mention only the feature which was most under discussion in the other House: whether this Bill is really within the power of Parliament. I believe the Department of Justice is of the view that we have authority, but this opinion was not before our committee.

Hon. Mr. DANDURAND: I believe my right honourable friend has received, as I have, a statement from our Law Clerk sharing in the opinion of the Department of Justice.

Right Hon. Mr. MEIGHEN: I read the argument in the other House to the contrary, and I must say I was much impressed with it.

Hon. Mr. MURDOCK: The committee had before it this morning the Law Clerk of the Senate, who very firmly took the position that the Bill was entirely intra vires of Parliament. Apparently the only exception to this opinion is the view held by a distinguished legal member of the other House.

I am sure we all recall the fact that the Industrial Disputes Investigation Act was administered in the public interest generally for many years before it became necessary to ascertain whether or not it was intra vires of the federal authority. The Privy Council ruled that the Act was not within the scope of the legislative authority of the Parliament of Canada. It was subsequently amended for the purpose of remedying this defect, and I think it has since been an effective instrument in settling industrial disputes.

The Under-Secretary of State and Mr. Tom Moore, who was formerly president of the Trades and Labour Congress of Canada, told us this morning that all that is intended is to restore the authority originally conferred on the Patent Office under the Trade Mark and Design Act of 1927. We were told that the National Catholic Workers, the Canadian Brotherhood of Railroad Employees, the American Federation of Labour, and other organizations, some twenty in all, not confined to any one class or craft, had registered shop cards between 1927 and 1932, but that afterwards, because of some slight change in the language of the law, it was asserted that they could no longer be registered. As I was coming in to this sitting the Law Clerk told me that all the present Bill appears to do is to authorize the giving of a certificate of copyright to a labour organization. In other words, the National Catholic Workers, the Machinists' Union or the International Association of Printers can get a certificate of copyright as to their name, and that is all that is intended under the Bill.

Hon. Mr. DUFF: That is not very much.

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

DIVORCE BILLS

SECOND READINGS

On motion of Hon. Mr. McMeans, Chairman of the Committee on Divorce, the following Bills were severally read the second time:

Bill A3, an Act for the relief of Frank Roy Hedges.

Bill B3, an Act for the relief of Jessie Fields Chambers Henry.

Bill C3, an Act for the relief of Marguerite Oldham Jamieson Macdonald.

Bill D3, an Act for the relief of Ida Hillman Livermore Woodall.

Bill E3, an Act for the relief of Gabrielle Rachel Cécile Pélissier de Kermeno de Gouzillon.

Bill F3, an Act for the relief of Millicent Barbeau Edmondson.

Bill G3, an Act for the relief of Theodore Charles Grothé.

MUNICIPAL IMPROVEMENT ASSISTANCE BILL

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 143, an Act to assist Municipalities in making self-liquidating Improvements.

He said: Honourable senators, this Bill authorizes the Minister of Finance, with the approval of the Governor in Council, to enter into agreements to make loans to municipalities to enable them to pay the whole or part of the cost of constructing, or making extensions or improvements to, or renewals of, a municipal waterworks system, gas plant, electric light system, or any other self-liquidating project. The aggregate principal amount of the loans authorized to be made shall not exceed $30,000,000. The principal conditions which have to be satisfied before any loan can be made are as follows:

1. The municipality must demonstrate to the satisfaction of the Minister that any project to be financed out of the proceeds of a loan made under the Act is a self-liquidating project within the meaning of that term as defined in section 2 (c) of the Act.

2. The construction of the project must be urgently required and assist in the relief of unemployment in the municipality concerned.

3. The application for a loan and the project to be financed out of the proceeds of a loan have to be approved by the province in which the municipality is situated.

4. The province in which the municipality is situated must agree to guarantee payments of principal and interest by the municipality.

Loans are to bear interest at the rate of 2 per cent per annum payable half-yearly and are to be amortized by semi-annual payments sufficient to pay off the full amount of the loan during a period not exceeding the estimated useful life of the project.

The Bill also provides that the aggregate principal amount of loans to any one municipality shall not exceed the proportion of $30,000,000 which the population of the municipality bears to the population of Canada, on the basis of the 1931 census. There is a proviso, however, that a loan not exceeding $200,000 may be made to any municipality of whatever population.

I may add that the purposes of this Bill are, primarily, to provide employment on self-liquidating works, and, secondly, to enable municipalities to finance, on terms easier than ever before, the erection, extension, renewal or improvement of income-producing or cost-reducing public services. It is an entirely new departure for the Federal Government to make loans direct to municipalities for municipal purposes, but I think it will be agreed that under present conditions it is desirable that the credit of the Dominion should be used wherever it can be used for the purpose of stimulating productive work. This is not the only measure aimed at increasing opportunities for work during these times, when many of our people still have to contend with unemployment. A Housing Bill is to follow.

During the depression our municipalities have been bearing a very heavy load, being obliged to pay one-third of the total bill for relief.

It will be noticed that no project will be approved for the purpose of a federal loan unless the project has been approved by the provincial government, and, secondly, unless the province guarantees to the Dominion the repayment by the municipality of the loan and the amortization charges.

The cost of administration will be borne by the Dominion Treasury, as well as the difference between the rate of interest, varying between 2 and 3 per cent, which the Dominion Government will have to pay for money it borrows and the 2 per cent it will charge for the loans. Government borrowings over a period of some twenty years will likely call for an interest rate of 3 per cent, while the Government will be advancing the money at 2 per cent.

This measure will enable productive undertakings to be carried on which, by increasing revenues from those benefiting from the services provided, or by decreasing costs of operation and maintenance, will pay for themselves without imposing an additional burden upon the general taxpayer. Its justification seems to be ample.

A self-liquidating project is one which will increase the net revenues of the municipality sufficiently to pay interest on the loan and amortize the principal during the useful life of the project. Net revenues may be increased either by increased receipts from those benefiting from the service, or by decreased operating and maintenance charges. Again, there must be demonstrated to the satisfaction of the Government, first, the need for employment, and, second, an urgent need for the project itself. The security taken by the Government will be the debentures of the municipality. The loan, as I have already said, must be guaranteed by the province in which the municipality is situated, and the project must be approved by the Government of the province.

I think this explanation will give honourable members the general effect of the Bill.

Right Hon. ARTHUR MEIGHEN: The Bill in its essentials is quite plain. It provides for grants to municipalities on a fairly liberal scale. The honourable leader of the Government intimates that where these projects, denominated in advance "self-liquidating"—and most projects can be so denominated if you speak early enough—take twenty years or longer to liquidate, the Government will have to provide money which will bear interest for that period at 3 per cent. Is the Government borrowing money to-day on twenty-year loans at 3 per cent?

Hon. Mr. DANDURAND: I think the Government is borrowing at a lesser figure.

Right Hon. Mr. MEIGHEN: On twenty-year loans?

Hon. Mr. DANDURAND: I am not sure. I think the Government is borrowing at 3 per cent.

Right Hon. Mr. MEIGHEN: On short-term loans?

Hon. Mr. DANDURAND: On a ten-year loan I think the interest was below 3 per cent. The Government can borrow on short-term loans even at 2 per cent.

Right Hon. Mr. MEIGHEN: Or less.

Hon. Mr. DANDURAND: I think borrowings lately have been on a twenty-year basis. The Minister of Finance stated in the other House:

> If the average length of loans under this Act should turn out to be ten years, and if the Dominion can borrow at two and one-half per cent for a ten-year period, then the contribution made by the Dominion, if the whole sum went out on that basis, would be $850,000 over the ten years, plus the cost of administration, as has been stated. If we assume a twenty-year period, then of course the cost to the Dominion rises. We have recently sold an issue of 20-year Dominion bonds on a 3·07 per cent basis of cost.

Right Hon. Mr. MEIGHEN: I thought so.

Hon. Mr. DANDURAND:

Therefore if we assume that the average term of the loans made under this Act will be twenty years, and that the Dominion could borrow for that period on an average of three and one-eighth per cent, each half-yearly payment would be $1,014,000 and there would be a loss to the Dominion of $100,000 a half year, or a total during the twenty-year period of $4,000,000, plus the cost of administration. If the average term of the loans were thirty years, and if we assume that for such a period the Dominion could borrow on a three and a quarter per cent basis, each half-yearly payment of $786,000 would show a loss to the Dominion of $119,000, or a total during the thirty-year period of approximately $7,150,000, plus the cost of administration.

Right Hon. Mr. MEIGHEN: Those calculations are pretty much on the basis of ifs and ands being pots and pans. The honourable gentleman opposite read, whether correctly or not, that the cost of the recent twenty-year loan was 3·07, and then he added, "If in future it is 3¼, we shall be out so much." If the Minister anticipates a lower rate for Dominion twenty-year loans in the future than prevails to-day, he is exceedingly optimistic as to the loan market. I should like to see it from one point of view; but from another I fear it would not be a good thing for Canada. The reason money is so cheap is that people are afraid to invest and they run to Government loans for cover.

Some Hon. SENATORS: Hear, hear.

Right Hon. Mr. MEIGHEN: They are all running for cover, and while to-day we pay 3·07 per cent on twenty-year loans, I earnestly hope the demand for capital for business will soon be so great that we shall have to pay more. This would be better for the whole country. If the rate of interest goes down further, it will simply mean the race for security is paralysing private enterprise more and more. However, that is aside from the main point before us.

The contribution is never going to be based on anything like the calculations stated. The calculations are not right. These projects will be liquidating for more than twenty years. We will presume there is need for waterworks and other civic services, with a field there for enterprise and employment. The loans will be amortized over twenty years. Except in very few cases, I do not think the period will be shorter. Where the loans are large in relation to the resources of the town or municipality they will take long periods to amortize, and this will mean large borrowings by the Dominion.

However, the unemployment situation is indeed grave. The Minister uses the least shocking language that he can; he says, "There is unemployment still with us." Yes, it is with us with a vengeance. It is with us everywhere. For example, it is with us in Vancouver—very closely with us. The unemployed have taken forcible possession of federal property there. And the Government is bending its neck and yielding to a sit-down strike at the hands of the unemployed, and has been for days, if not weeks. I suppose that if unemployed took possession of this building the Government would take the stand it is taking in Vancouver—that it is for the municipal authority to clear the Government's property. That, I suppose, would be the measure of its masculinity and of its fidelity to its sacred trust of administration.

Hon. Mr. DANDURAND: I think my right honourable friend is exaggerating.

Right Hon. Mr. MEIGHEN: Not when I say our property is being occupied by force, against our will. Is that an exaggeration?

Hon. Mr. DANDURAND: I do not know exactly what is occurring in Vancouver, but it is some distance from this Chamber.

Right Hon. Mr. MEIGHEN: But it is our property. I do not know that we can ignore the city of Vancouver because it is thousands of miles away. British Columbia is just as much a part of Canada as Ontario. The post office at Vancouver is a post office of the people of Canada, and the Government is the trustee of that building—

Some Hon. SENATORS: Hear, hear.

Right Hon. Mr. MEIGHEN: —yet it sits outside while the post office is occupied by the unemployed, whom the leader of the Government tells us are still with us. They are with us, and amongst us, and they are ejecting us while we have a supine Government in office. The situation is humiliating. We have sympathy with the unemployed, but if there is one thing we cannot tolerate it is sit-down practices anywhere in Canada.

Some Hon. SENATORS: Hear, hear.

Right Hon. Mr. MEIGHEN: Such a thing as defiance of the Government of Canada in the property of the Government of Canada is something awful for Canadians to contemplate.

An Hon. SENATOR: A digression.

Right Hon. Mr. MEIGHEN: It may be a digression, but it is important to note that the honourable leader of the Government in this House can regard Vancouver as an outcast colony or British Columbia as foreign to us. British Columbia is a part of this country, and forcible occupation of the post

office building in Vancouver is just as serious a thing as forcible occupation of this Chamber.

Hon. Mr. DANDURAND: But I was simply answering my right honourable friend, who asked what would occur here if this Chamber were invaded. I answered that we should be much nearer the illegal action to be repressed here than we are in relation to Vancouver.

Right Hon. Mr. MEIGHEN: Not a bit.

Hon. Mr. DANDURAND: I do not know what the municipal authorities, the provincial authorities, or this Government are actually doing at Vancouver. I do know what we would be doing if we were thus invaded here.

Right Hon. Mr. MEIGHEN: I do not know why one policy should apply to British Columbia and another to Ontario.

Hon. Mr. DANDURAND: I do not suggest there should be two policies.

Right Hon. Mr. MEIGHEN: I know the policy that is being applied there, and I am sure I read correctly the words of the responsible Minister, who said it was a municipal responsibility, then provincial, and then federal. The property is ours.

Unemployment is indeed serious, and I fear it is growing more serious. For my part, I hold the Government responsible in this degree, and virtually only in this degree. I know an increasing measure of unemployment is due in no small part to the total collapse of various artificial and fantastic schemes in the United States, and the very serious recession they have suffered there. For that this Government is not responsible. The main responsibility of the Government is for policies and practices entailing taxation. The level of taxation is such that we have stifled the enterprise of the country to a very considerable degree,—

Some Hon. SENATORS: Hear, hear.

Right Hon. Mr. MEIGHEN: —and we have to direct our primary and our greatest efforts against tremendous waste and tremendous deficits. We must strive to reduce that burden and get into a sounder federal financial position, in order to give confidence to finance and enterprise. One who says anything like this is always met with the remark, "Oh, you are looking out for the employers." Of course I am. It is only through employers that we can set employees to work. There is no other way. We cannot set employees to work until employers have confidence and are ready to take risks and go ahead. It is in relation to those matters, I hold, that the Government is responsible. I think there is a great deal more it could do. I do not say it is the only Government which has erred in that sphere, but its erring today is mainly there, and that is what I want to impress strongly upon the Administration.

Hon. Mr. DANDURAND: But my right honourable friend does not indicate what is the immediate or mediate policy which would bring about greater employment and greater activity on the part of employers.

Right Hon. Mr. MEIGHEN: Less expenditure. Why, we had estimates here the other day, supplementary estimates—they were supplementary, all right, with emphasis on the first syllable—$3,500,000 here, $500,000 there, $100,000 in three or four places. Extravagance was written over every phase of them. You could almost read the words "1938 election" across the top of the page. That indicates the direction in which we are going, and the main responsibility of the Administration is to curb instead of leading the parade. That is where to look. This policy of drift will not result in improved employment in Canada, and I do not think we are going to get it in any satisfactory measure until we whole-heartedly and unitedly set out along the course I have suggested.

I am going to support the Bill. I state frankly and definitely that I cannot think of any better method by which a substantial amount of money can be invested, with a fair assurance of safety, to the end of relieving unemployment.

But the very conditions which give rise to the necessity of the Bill are due to the causes I have named, and if we are going to keep on acting on the effect and ignoring the cause, we shall have to apply these artificial remedies year after year, with very small and only temporary results. The only remedy is to open our eyes to the real cause and behave in the light of our times.

The honourable leader of the Government knows as well as I do—in his contact with business everywhere he cannot fail to know—that the contraction of enterprise is due to the burden of taxation on business. Let him carry his convictions into the affairs of the Government and see to it that a turn is made, that the hand of the Finance Minister, who, I think would move in the right direction if he could, is strengthened, and the depredatory hands of others are held back.

Hon. L. McMEANS: I am not opposing this Bill. I shall vote for it; but I shall do so with the reservation in my mind that it is going to cost this country a huge sum of

money. Such experimental legislation is not new to us. We had the Farm Loan Board legislation, under which we invested millions of dollars throughout the country, and we know of the losses that were incurred as a result. Similar methods have been tried in all the various provinces. In Manitoba we had the Rural Credit Association, which brought that province to the verge of bankruptcy. When you pay the costs incidental to this measure, with the huge horde of officials necessary to administer it, the loss will be very serious. However, as the honourable leader of the Government has pointed out, there may be some advantages in the way of increasing employment. While I am not going to vote against the Bill, I want to express the opinion that not only will it result in a great loss, but it will be a failure.

Hon. Mr. HORNER: I understood the honourable leader of the Government to say that after the approval of the Governor in Council had been given the approval of the provincial government was necessary before any money would be granted. I see that speakers in Moose Jaw have assured the people there that under the present scheme it will be possible to bring water to the city from the South Saskatchewan river, and I am wondering if approval was secured in advance, and if that will have any effect on the day's voting.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. DANDURAND: The federal authorities have been very generous, I think, with the Western Provinces. They have returned to them their natural resources, which will allow them to dispose of all the waters that flow from the Rocky Mountains. Whether those waters will flow as far as Saskatchewan without being diverted for irrigation purposes in Alberta, I do not know.

All I can say is that we are undoubtedly facing very great problems that are difficult of solution. In the large centre in which I live I hear it stated all around me that the municipal taxes on real estate are the principal obstacle in the way of the development of the building trade.

Hon. Mr. HAIG: Hear, hear.

Hon. Mr. DANDURAND: I have always felt the truth of a slogan which can be found, I think, in any language, and which was often on my lips in my mother tongue: "Quand le bâtiment va, tout va"—when building goes, everything goes—because the building trades are so numerous and employ so many of the population. One of the great handicaps to activity in this field is the cost of municipal administration. Most municipalities in times of prosperity ran wild and borrowed largely. Now the interest has to be met. This is one of the difficulties that confront us in our task of setting the wheels of industry turning. I have been wondering whether, when the Housing Bill comes before us, we could not add some kind of condition to the effect that the municipalities which receive help should abstain from increasing the taxes on certain kinds of real estate. That is a matter I have not studied very seriously, but I am convinced that the basis of our difficulty is to be found in the crushing taxation imposed on real estate in towns and cities. Of course debts must be met and interest must be paid. It would be interesting, however, to know what is the real income of each of the municipalities, towns and cities, what their charges are, and what is the amount of their controllable expenditure. In some cases more than 60 per cent of the taxes goes to pay interest on loans. This is a problem which has not yet been solved, and it is one that we should consider and study.

I realize that in many large cities the citizens take very little interest in municipal administration. This lack of interest is one of the things that lie at the root of the trouble. On the Island of Montreal some municipalities are very well administered; others are staggering under a heavy load of taxation, which, among other things, prevents people from engaging in building operations and extending their activities in that field.

My right honourable friend (Right Hon. Mr. Meighen) says the Federal Government should try to curb its expenditures. With that I agree. But when one looks at the budget, the making of estimates, and the needs of the various departments, one realizes that sometimes curtailment is extremely difficult. My right honourable friend, who has faced an electorate, knows perhaps better than I do the pressure that is brought to bear upon the representatives of the people. But I have been present at the examination of certain departmental expenditures and have heard ministers explain the necessity for large expenditures — productive expenditures — and the reasons why, in the interest of the country, they ought to be made. It is all very well to look at a total and say it is enormous. Expenditures are increasing annually, but we should realize that these are particularly difficult times and that we must face the situation and meet it as it exists.

This Bill, the bills that have come before us, and still others which are to come, all involving the expenditure of money, are the result of

conditions which confront us. The drought in the West carried away millions of dollars. That condition had to be met. The expenditure was justified. I venture to think that if a vote had been taken on it in this House it would have been approved unanimously. I admit that it sometimes looks as though certain expenditures could well be dispensed with, but members of governments, both past and present, who have had to face realities, understand that criticism is easier than action. For eighteen years, from 1878 to 1896, the party to which I belong was in opposition. Having heard nothing but criticism of the Government during that time, and never having had the responsibility for action, I really came to believe that I was made of a superior clay; but by the time the Liberal party had been in power for fifteen years, from 1896 to 1911, I had acquired, I think, a certain measure of humility or modesty.

I move the second reading of the Bill.

Hon. Mr. GILLIS: May I ask the honourable leader of the Government a question? I understand that the member for Yorkton is going around his constituency with a complete set of plans for an armoury there. Would this Bill cover expenditure on such a project?

Hon. Mr. CALDER: It must be self-liquidating.

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

INDIAN BILL

FIRST READING

A message was received from the House of Commons with Bill 138, an Act to amend the Indian Act.

The Bill was read the first time.

TRANSPORT BILL

FIRST READING

A message was received from the House of Commons with Bill 31, an Act to establish a Board of Transport Commissioners for Canada, with authority in respect of transport by railways, ships and aircraft.

The Bill was read the first time.

MOTION FOR SECOND READING

Hon. RAOUL DANDURAND moved the second reading of the Bill.

He said: Honourable senators, I would ask leave to move the second reading now, in order that the Bill may be sent to our Railway Committee and subjected to that detailed examination which we are wont to give measures in our committees. If this is acceptable to the Senate, I will give a short explanation of the measure now.

The object of this Bill is to promote the stabilization of the transport industry in Canada, in the public interest as well as in the interests of all those engaged in transportation. The Bill extends regulation of rates to inland shipping and to commercial air transport.

No one questions the benefit of Government regulation as applied to the railways; least of all the railways themselves. The Government believes that the extension of rate regulation to our inland waterways and to our commercial airways will carry with it similar benefits. It should be made clear from the first that there is no intention to limit development on sound economic lines of any form of transport, for the benefit of any other. Inevitably the development of newer forms of transport will be accompanied by some loss of business from older forms, and it is not the purpose of this Bill to interfere with that process, so long as the same rules of competition apply to all.

The purpose of the Government is to bring about a situation where competition may make for the benefit of the public and for health within the industry. We all recognize that Canada must have an adequate railway service, since without it, for climatic and geographic reasons, it would be impossible to conduct the business of the nation. We also recognize that our great inland waterways must be served by transportation agencies conducted on a sound economic basis, so that these waterways may continue to provide those low-cost transportation facilities that make it possible for our Western farmers to compete in the markets of the world.

Transportation by air is still in its infancy, and it is logical that the development of this industry should be conducted along sound lines, under Government regulation. It is a matter of public interest that transportation rates be reasonably stable, and applied without discrimination. Experience has shown that publicity is essential to prevent discrimination. Therefore the publicity of rates is a fundamental requirement in this Bill.

We also appreciate that our transportation rate structure may break down completely unless some relation is maintained between transportation charges and the abilities of various commodities to stand those charges. There is also the problem of conditions of employment in transportation industries. It will not be questioned that it is the duty and interest of all employers to endeavour to

maintain reasonable standards of conditions and rewards of employment. Absence of regulation and resulting uneconomical competition must inevitably bear heavily on the workers, since labour costs comprise such a large proportion of operating expenses. The wide difference in working conditions, as between regulated transportation and unregulated transportation, must be apparent to all. Apart from the effect on labour, the interest of public safety is also involved.

Canada is practically the last country to apply state regulation to carriers other than railways. The United States extended the authority of the Interstate Commerce Commission to all railway operations, pipe lines and motor vehicles operating across state boundaries. Its Motor Carrier Act of 1935 has done much to regulate commercial vehicles on the highways and to co-ordinate highway rates with railway rates. Similarly, United States coastwise ocean traffic is regulated, as well as coastal carriers operating between ports on the Atlantic and ports on the Pacific through the Panama canal. Regulation has not as yet been applied to inland waterways, such as the Great Lakes and the Mississippi river; but there has been introduced in the Senate by the Chairman of the Senate Committee on Interstate Commerce, a Bill which will provide, through the Interstate Commerce Commission, perhaps even more extensive regulation of shipping on the Great Lakes than we propose under this Bill. In Great Britain, state regulation is exercised over the railway carrier, the highway carrier and the water carrier. A similar situation exists in northern Ireland. In New Zealand and Australia, the regulating bodies have control over all forms of transportation, and a certificate of convenience and necessity is required before any new carrier can operate. It will thus be observed that Canada has been slow to accept a situation that most other countries have dealt with.

This Bill applies regulation to shipping other than for bulk cargoes, such as wheat, iron ore and raw materials, which are handled in bulk, without packaging. The reason for excluding bulk cargoes is that these are not competitive, being carried at rates so low as not to be attractive to rail carriers. Regulation of shipping applies only to rates, as safety features are now regulated by the Shipping Act.

Transportation by air is a comparatively new industry and, therefore, regulation can be applied without any serious dislocation. It is believed that regulation is generally acceptable, both to the operators and to the public. Regulation under this Bill applies only to aircraft operating on regular schedules, over regular routes. It does not apply to carriers engaged in pioneer work or on casual services.

Provision for agreed charges extends to the railways a privilege that is now enjoyed by highway carriers, water carriers and aircraft, that of contracting with a shipper to handle his shipments exclusively at a rate which may be lower than the tariff rate. Agreed charges are now a well-established feature of British transportation and have proved beneficial both to the carriers and to the shipper. The principle has also been generally adopted in France. In short, the principle of agreed charges permits a carrier to give to a shipper who gives all his business to the carrier a lower rate than may be offered to a shipper who prefers to pick and choose from various types of carriers.

The Bill provides for full publicity of rates granted under agreed charges, and provides against discrimination as between shippers who wish to obtain the benefit of agreed charges. There can be no discrimination as between the large shipper and the small shipper. In fact, the principle of the agreed charges works to the benefit of the small shipper, who cannot always obtain as low a rate for highway transportation as can his larger competitor.

The fairness of a low rate for all-year-round shippers is obvious. In many sections of Canada, where the highways cannot be kept open the year round, everyone must use the railway for winter shipments. The agreed charge simply provides that in such cases, those shippers who agree to ship all year by railway will get an all-year-round rate, but those who elect to use the railway in winter and trucks in summer will not get the same treatment. It is a realistic treatment of a new development. There can be no harmful discrimination when it is provided that any shipper, big or small, who is willing to conform to the same terms, shall get the same treatment.

In the opinion of the Government the agreed charge presents a greater chance of preserving the low rate on long distance and bulk commodities, so essential to our national economy, and of putting a stop to the gradual withering of our rail service on many branch lines, the loss of which is an economic loss to the country, than any other measure of which I have knowledge. It is well worth a trial. It will tend to curb the uneconomic expansion of highway traffic and, by doing so, will afford an opportunity for the sound co-ordination of the two types of transportation, each within its own economic sphere.

With these general explanations, which give a broad view of what is to be effected under this Bill, I would move second reading, seconded by my right honourable friend from Eganville (Right Hon. Mr. Graham). I will add that I am not ignorant of the fact that a Transport Bill was before us last session, and that after it was studied by our Railway Committee for a number of weeks it was rejected by the Senate. I admit that so many sections had been deleted in committee that the measure had very little virtue left in it, but still I felt that even in that form it should have been returned to the House of Commons. However, the Senate in its wisdom decided to the contrary. The Minister of Transport is perhaps convinced that some experience has been gained by our treatment of the question. He presents the Bill with due knowledge of the state of mind of the Senate, and in the hope that the measure in its present form provides for virtually what was admitted to be in the interest of the country. I trust that the motion will be adopted and the Bill sent to our Railway Committee for study. I know it will be given due attention there. It is of very great importance to Canada.

Hon. WILLIAM DUFF: Honourable senators, I regret I did not catch the eye of His Honour the Speaker before he put this motion, because I intended to ask the honourable leader of the House (Hon. Mr. Dandurand) if he would defer the motion for second reading until we had a chance to study the Bill. So far as I am concerned, judging by evidence that has been taken in a committee of another place this session, I am as unalterably opposed to this kind of legislation as I was last year.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. DUFF: I want to put myself on record now as being opposed to the principle of this Bill. In my opinion it is wrong. I am more convinced than ever of that since listening to the honourable leader, who has pointed out that the measure introduced by the Minister of Transport last session was not this one at all. This is an emasculated copy of the Bill that was before us last session.

Hon. Mr. DANDURAND: I have just said so.

Hon. Mr. DUFF: I know. I am glad the honourable leader agrees with me. I am repeating what he said, for I want honourable members to realize the situation. Much worse than the Chinese who are retreating day by day from the Japanese, much worse than the Spaniards who are retreating from the insurgents, the Minister of Transport retreated all along the line this year and last year, because all he had in mind when he introduced the legislation, and got my honourable friend to introduce it here, was the protection of certain interests on the Great Lakes in which he was interested.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. DUFF: He does not care anything about aeroplanes, buses, or anything else. It was purely a matter of trying to arrange to have bankrupt shipping concerns on the Great Lakes come under the proposed legislation, and to have higher rates paid by the people of this country.

It should be noted that this is not even the same measure as was introduced in the other House this session, for that was amended perhaps fifty times in committee over there, just as the one sent over to us last year was amended in our committee. So I urge that before we are asked to give second reading to this measure we should be allowed a little time to study it. Then honourable senators would have an opportunity of objecting to either the principle or the form of the measure. I therefore would ask the honourable leader not to press the motion for second reading now.

The Hon. the SPEAKER: Does the honourable member object to the second reading now?

Hon. Mr. DUFF: Yes.

Hon. J. P. B. CASGRAIN: Honourable senators, of course I take a back seat to our honourable friend who in another place was called Admiral (Hon. Mr. Duff). He knew more about navigation than any other member of that House, even than the former Prime Minister, who was the son of a sea captain, but who said he never had been acquainted with anyone so well posted on navigation as our honourable friend. However, the chief reason I rose was not to say this. I have a very friendly feeling for my leader in this House (Hon. Mr. Dandurand) and for the present Government, but I want to remind them that for more than thirty-five years I have been connected with navigation on the Great Lakes and that for much of that time I have been a public benefactor, in being associated with the carrying of grain of the Northwest at a loss. I should be ashamed to own up to the total that I have spent on this account. I want to remind the Government in the most friendly way that it can regulate the railroads as much as it likes, for they have to stay where they are built, but on the Great Lakes and on the St. Lawrence ships can be disposed of,—

Hon. Mr. DUFF: Hear, hear.

Hon. Mr. CASGRAIN: —and if there is any more interference with our shipping we shall very soon have no Canadian ships plying in those waters. Persons buy ships at scrap prices, and any profit they make while they can keep those ships in service is so much found money. And they are not likely to lose anything by not selling the boats for scrap this year, since the price of scrap is steadily rising and they are very likely to get a higher price next year.

Canadian shipping has not been treated fairly, and what I am about to complain of was, I regret to say, done by a Government of my own party. At the close of navigation there is always a certain quantity of wheat left over, which is stored either in the hulls or in the elevators at Port Arthur and Fort William. When navigation opens in May that wheat comes down by water at rates that do not pay operating expenses, but shipowners work on the principle that it is better to get low rates than nothing at all. By the middle of June all that storage wheat has been brought down. Then the shipping companies have to tie up their ships, pay off their men, and wait for the new crop, which they may also have to carry at a loss. What did our Government do? Although our Canadian bottoms had been idle all last summer, our Government allowed American ships to carry wheat from Port Arthur and Fort William to Port Colborne, and there were so many American ships waiting to be unloaded there that our Canadian ships were blocked completely. I think the Government should not interfere in this manner. If it continues to do so there will soon be no Canadian ships on the Great Lakes and the St. Lawrence, and once you are left to the tender mercies of our good friends south of the forty-fifth parallel of latitude, you will see what shipping rates you will have to pay. What happened last year did not enrich the shareholders of my company; and I am quite willing to name that company—Canada Steamship Lines—of which I have been a director for twenty years; longer than any other director living today. I am not speaking for my own interest in that company. I do not think it amounts to very much just now, for after being a public benefactor for twenty-five years one cannot have much left.

Right Hon. ARTHUR MEIGHEN: Honourable members, it must have been a terrible disappointment to the honourable leader of the House that the reading of such a seductive and all-comprehensive brief should evoke this measure of opposition.

Hon. Mr. DANDURAND: There is no opposition to my left. The carrying of wheat is not affected by this Bill.

Hon. Mr. CASGRAIN: Then I take it all back. I listened carefully and thought the purpose of the Bill was to fix shipping rates on wheat.

Right Hon. Mr. MEIGHEN: As he proceeded sentence by sentence, painting the glories to come, with all our troubles ended and nothing more to be suffered, according to the terms of his brief, I thought the House could not do otherwise than say unanimously, "That is all we have been awaiting for decades."

Hon. Mr. DUFF: The Millennium is here.

Hon. Mr. DANDURAND: I asked only that the Bill be sent to committee.

Right Hon. Mr. MEIGHEN: Certainly. One would think that once we passed this measure we could don our Miami suits and start for the races, for the Millennium was here already.

This Bill is, in the main, a reproduction of the measure which last year was brought before this House, thoroughly reviewed, and finally rejected. The rejection brought from the Minister of Transport, who now addresses these sweet, seductive words to us, an attack on this House, so provocative and so unjust that it aroused the resentment of everyone loyal to the institutions of our country.

The Bill comes to us now in a considerably modified form and with other fruits meet for repentance, and it should receive at our hands an unbiased and thorough review. I am not at all convinced, though, that the Bill offers anything like the prospect which has been painted. We are told Canada is the last country in the world to regulate these forms of transportation. Great Britain is cited. Why, of course Great Britain is doing it. Great Britain has a Parliament with plenary and complete jurisdiction. Northern Ireland is cited; a similar condition exists there. We have a Parliament with limited jurisdiction, under a federal system. Our committee of last year never had before it any evidence which would show the character and consequences of state regulation in those two countries. Now we are informed such regulation was some little time ago put into effect in the United States. There is a country corresponding to our own, and I doubt not that the magnificent efflorescence of prosperity in that country has induced this Government to follow in its footsteps. The grand measure of happiness and wealth which has overwhelmed the Republic is presumably due in part to the merits of its regulating policy. I think the truth is, that country is

regulated to death. It is regulated and over-regulated until the people who want to do something do not know where to turn.

Hon. Mr. DUFF: Hear, hear.

Right Hon. Mr. MEIGHEN: I hope the Government is not bringing forward something that would so multiply regulations as to stifle industry. I know there is a handicap on the railways. In the matter of contract the railways are not on a parity with their competitors who have entered the transportation field only recently. There must be some way of overcoming the handicap, but I am afraid myself, in advance of evidence which may be adduced, and which may quite rightly change my mind, that there is grave danger in trying to overcome it by means of agreed charges.

Some Hon. SENATORS: Hear, hear.

Right Hon. Mr. MEIGHEN: The principle of agreed charges, we have to keep in mind, is against the cardinal principle of our railway policy as embodied in the Railway Act—a policy which has worked well. It was put into effect by a Government with which I have little sympathy. The principle of agreed charges is a blow in the face of that policy, and would even take the vitals out of it, and we ought to be very careful about approving of such a principle. As honourable members will recall, the Bill of last session was opposed by every province.

Hon. Mr. DUFF: Hear, hear.

Right Hon. Mr. MEIGHEN: I do not know whether the provinces are opposing this Bill. I know the Western Provinces will feel somewhat different when they find wheat and coarse grains are left out. I am advised grain products are not left out. The inclusion of grain products and—

Hon. Mr. HAIG: They have been left out.

Right Hon. Mr. MEIGHEN: It is pretty hard to find any justification for regulating rates on such traffic on the Great Lakes as is known as L.C.L. traffic on the railways.

Hon. Mr. DUFF: Package traffic.

Right Hon. Mr. MEIGHEN: It is pretty hard to find any principle upon which you can justify regulating package traffic while not regulating the gigantic traffic in grain.

Hon. Mr. DUFF: Hear, hear.

Right Hon. Mr. MEIGHEN: I fear we are getting our regulation into such a complicated state that the goal we are seeking to reach may be further and further lost from view and that our citizens who are still struggling against adverse conditions and endeavouring to do something for labour and for themselves may become more and more depressed.

Hon. Mr. DANDURAND: I would direct my right honourable friend's attention to the great handicap under which the two railway systems labour to-day. I believe that when this Bill is before the Railway Committee it will be shown that agreed charges would help the railways considerably, and would not bring about unfair conditions. I admit that when rate regulation was set up under the Railway Act it was based on a different principle, but I think it will be shown that this proposal is to meet a dire necessity. However, I am not a rate specialist and will not press the matter.

I have asked that we hasten reference of the Bill to the Railway Committee because I have some responsibility for our legislation reaching a certain goal. This week we should try to dispose of as many as possible of Government bills, to be free next Tuesday to resume our inquiry into the railway situation, which, as honourable members are aware, is a very important matter.

I draw the attention of my honourable friend from Lunenburg (Hon. Mr. Duff) to the fact that we can give the Bill second reading without binding ourselves to its principle. As a matter of fact it contains several principles. The Bill can then be referred to committee. I believe it is the fair way to proceed with such an important piece of legislation; important because parties will appear before us representing substantial interests. I think we should first of all deal with the Bill in committee and see what justification there is for each of the clauses, and then on the motion for third reading we shall be in a far better position to express an opinion on the merits.

With these remarks I move second reading of the Bill.

Hon. Mr. DUFF: Honourable senators, I certainly do not like to oppose anything which the honourable leader of the House may suggest. In fact, in the words of Scripture, he "almost persuadeth me" by the able manner in which he has placed before us the views of his colleagues in the Government. However, I feel very strongly on this Bill, and I intend, as soon as I have had an opportunity of studying it, to place my views before the House in opposition to the measure. There are a number of matters which I desire to discuss, and I shall have no opportunity of doing so once the Bill has been given

second reading. It may be said by my honourable leader that I can appear before the committee to which this Bill is to be referred. I do not intend to go before that committee.

Hon. Mr. DANDURAND: Why?

Hon. Mr. DUFF: Because I am not a member of it, and for other reasons. I prefer to express my views from my place in this House, so that the public may know my attitude towards the Bill. I do not see why, in order to help out the honourable Minister of Transport, I should surrender any of my privileges as a member of this Chamber. I must ask my honourable friend to defer second reading until to-morrow, so that I may state my views in regard to the Bill.

The Hon. the SPEAKER: The motion for second reading is in order, the honourable member from Lunenburg (Hon. Mr. Duff) not having objected until after the motion was put. However, it will be in order for any honourable senator to move adjournment of the debate.

Hon. Mr. DANDURAND: I did ask leave to move second reading of the Bill. It was agreed to.

The Hon. the SPEAKER: And the motion was put.

Hon. Mr. DANDURAND: As I have responsibility for procedure in this Chamber, particularly at this stage of the session, I would ask, not on behalf of the honourable Minister of Transport, but in the interest of Parliament and the Senate, that the Bill be read the second time now.

Hon. Mr. HAIG: Honourable members, I want to speak on the Bill at this stage.

Hon. Mr. DUFF: After my honourable friend has spoken on the Bill I will move adjournment of the debate.

Hon. Mr. HAIG: I am not going to take sides in this dispute, but I do want to say that the Bill is not yet on my desk. I am not objecting for the same reason as my honourable friend from Lunenburg, but I do not think it is fair to this House to refer the Bill to committee without members having a chance to read it. I do not think such procedure is proper, and therefore I shall vote against the second reading. If the Bill contains a provision for agreed charges, then I am opposed to it; but there may be other provisions which I can support. I think the honourable leader of the House ought to allow the Bill to stand until to-morrow. It cannot get to the committee unless we sit on Friday, for we are going to be busy this afternoon with the Niagara Falls Bridge Bill, and afterwards the Banking and Commerce Committee has to consider a very important measure.

Hon. Mr. DANDURAND: I may inform my honourable friend that the Senate will sit on Friday.

Hon. Mr. HAIG: All right, then. I know a number of interested persons are opposed to the Bill. Some from my own city have told me they want to make representations, and if the Bill reaches committee to-morrow or next day, they will not be able to get here in time. Therefore I have to vote against the second reading of the Bill. In the meantime I would move, seconded by the honourable senator from Lauzon (Hon. Mr. Paquet), that the debate be adjourned until to-morrow.

Right Hon. Mr. MEIGHEN: Honourable members, the leader of the Government spoke to me this morning about getting this Bill to committee. Feeling, as I always do, that any bill which is not obviously and very importantly wrong in principle should get to committee of the Senate for review, because that is our chief function, I readily agreed not to offer any objection to second reading to-day. I am going to adhere under all circumstances to the word I gave to the leader of the Government. At the same time I think more progress would be made if the honourable gentleman would permit second reading to stand till to-morrow.

Hon. Mr. DANDURAND: I do not object to the motion for adjournment of the debate.

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

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

THE SENATE

Thursday, June 9, 1938.

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

Prayers and routine proceedings.

PARLIAMENTARY DIVORCE

RESOLUTION AND DISCUSSION

Hon. A. D. McRAE rose to move the following resolution:

That in the opinion of the Senate the public interest demands the discouragement or refusal by Parliament of further applications to it for divorces to be enacted by way of private

Bills on behalf of persons to whom other recourse is made available;

The Senate, therefore, should divest itself of all such special obligations incidental to private Bills of divorce as, in the past, it has assumed, and in furtherance of such purpose and to make possible its achievement in consonance with the first paragraph of this resolution, the Senate should promote and support legislation so providing.

He said: Honourable senators, it will take but a few minutes to explain my motion and give you my reasons for introducing it at this time.

You are all familiar with divorce as dealt with by the Senate to-day. It is apparent to me and, I suppose, to many others here, that our divorce procedure is rapidly developing into a ridiculous business which is not in keeping with the dignity of the Senate and does not add anything to the credit of Parliament. In view of the many serious issues before us, this daily grinding out of divorces must appear to the public as rather absurd. The stranger who sits in the gallery and listens to our daily proceedings—the reading and adoption of reports of the Divorce Committee, the presentation of divorce bills and their passage through their various stages, and the final report of the adoption of such bills by the other House, all recorded in detail in our Minutes—might very well come to the conclusion that the principal business of this honourable House is divorce.

The time which is given by both Houses of Parliament to the subject of divorce might, I suggest, be much better devoted to the important national issues which are pressing for solution. The honourable members of the Senate Standing Committee on Divorce, who work so hard and so diligently in dealing with the applications that come before them, could undoubtedly employ their time to greater national advantage by serving on other standing committees, some of which at the moment are loaded with work.

I suggest we have neither the time nor the machinery to make a careful judicial inquiry into these family squabbles. That, I submit, is more properly the function of a court of law. As an indication of this, may I point to the fact that we make no provision for alimony; nor do we concern ourselves about the future of the children, the innocent victims of divorce, who altogether too frequently are the ones most affected by it.

In 1930, when we passed the Act to provide for the dissolution and annulment of marriage in the province of Ontario, we hoped that divorce by Parliament was at an end. The province of Quebec, whose people are overwhelmingly opposed to divorce, did not elect to take advantage of similar legislation. The result is that we are to-day burdened with divorce cases, all of which, except for a few from Prince Edward Island, come from Quebec; in fact, almost entirely from the city of Montreal.

In the year 1930, prior to the establishment of divorce courts in Ontario, Parliament passed 247 divorce bills, of which 206 came from Ontario and 41 from Quebec. After the law was changed in 1930 the number dropped to 37 in 1931, to 27 in 1932, and to only 24 in 1933. Then an increase began. Last year we granted 42 divorces. In the present session we have already heard 79 cases, and a number of petitions still remain to be dealt with. Of the 79 divorces dealt with so far this session, 68 came from the city of Montreal.

If the increase in the last two years continues, we shall soon be back where we were in 1930. It would appear that then we shall have to enlarge our Divorce Committee and divide it into different sections, so that this part of our work may be satisfactorily discharged. This increase is all the more certain if the Divorce and Matrimonial Causes Bill recently passed by this honourable House, increasing the grounds for divorce, should become the law of the land.

In divorcing persons domiciled in the province of Quebec we find ourselves in the incongruous position of granting divorces in a province where divorce is not approved. Of the 89 members representing the province of Quebec in the two Houses of Parliament, at least 90 per cent vote against all divorce bills. So we are also forcing the province to accept divorces which it does not want. This is not a comfortable situation. We have given the provinces the right to handle their own divorce problems, but Quebec does not choose to grant any divorces. In my opinion, that is its affair. People who reside in that province must expect to abide by its laws. As matters stand to-day, that means no divorce. Personally, I should like to leave all divorces to the provinces and not interfere with them.

Our recent legislation, increasing the causes for divorce, is limited to the provinces which maintain divorce courts. It exempts Quebec. If this procedure is legal, I suggest that we go a step further and include adultery with desertion, insanity, cruelty, and so forth. This would limit divorce on the ground of adultery, as well as divorce for other causes, to the provinces which maintain divorce courts, and would, of course, except Quebec. By our so doing, divorces in this Parliament would be at an end.

I know there are some people who feel deeply concerned about minority rights in the province of Quebec. That does not worry

me very much. That province has long had a record for equitable and fair treatment of minorities, with respect to issues more important than the one under discussion. I personally should be prepared to leave this in the hands of the province.

Referring to the increasing applications for divorce which continue to come before us, I feel that the situation is rapidly becoming intolerable. If we are to judge by the evidence given before our Divorce Committee, this divorce business has now become highly standardized. The evidence in practically every divorce case has a similarity that is most monotonous—the same violation of the marriage vow, the same method pursued, the same lawyers, altogether too frequently the same witnesses, so-called private detectives, and, not to be overlooked, the professional co-respondents who it is said are always available in Montreal.

The honourable senator from King's (Hon. Mr. Hughes) has frequently called the attention of the House to his conviction that there is collusion in most of our divorce cases. I fear that he is correct and that collusion lies at the root of more than half of the divorces granted by the Senate.

The whole business is disgusting, and the procedure, as I have said, is not in keeping with the dignity of Parliament. That, tersely, is my justification for the first paragraph of my motion.

The second paragraph is an effort to anticipate any objection on constitutional grounds. There are some who still feel we cannot deny the right of a citizen to appeal to the King—in this case Parliament. Personally I would put an end to divorce originating in the Senate by simply discontinuing our Standing Committee on Divorce and requiring petitions for divorce to be presented to our Private Bills Committee, which could throw them out. However, in view of the constitutional question, I have added the second paragraph to provide for such legislation as this honourable House might deem necessary in order to attain the objective I have in mind.

I have been unable to discover how the Senate of Canada became the forum to deal with divorce. Apparently it just drifted into that responsibility. In Gemmil's book on Parliamentary Divorce, page 63, will be found the following:

> Divorce is a legislative act originating in the Senate, but there is no reason why it should not originate in the House of Commons.

This may indicate one way out for the Senate.

For my part, I think this honourable House should take steps now to get rid of divorce applications in the future. For this reason I present this motion, which I hope will bring the situation to a head, and so relieve this honourable House from a grave threat by freeing it from the divorce business, which I feel is verging on the scandalous.

Hon. L. McMEANS: Honourable members, I am supporting this motion in the hope that a full discussion will bring about a cessation of parliamentary divorce. The Standing Committee on Divorce is composed of nine members, five of whom are professional men. Last week during a sitting of the committee a justice of the Supreme Court of Ontario was presiding in the local court-house and disposed of fifteen divorce cases at the rate of one case every fifteen minutes.

I feel a great deal of sympathy for the unfortunate persons who feel obliged to resort to Parliament for a divorce. What does it involve? In the first place the petitioner has to file a petition in triplicate and pay fees to the clerk of the committee to the amount of $210. The petition must be advertised in the Gazette and also in the local papers. The applicant must retain counsel in Montreal —where most of the cases originate—and that counsel has to have an agent here. Then the witnesses must be brought here. After the case has been heard by our committee a report is made to the Senate, and the evidence is printed and distributed among the members of both Houses. In my opinion, the evidence in undefended cases should not be printed at all unless there is a request for it.

In 1930 the sum of $34,077 was collected in fees from these unfortunate applicants for divorce, and the balance remaining after allowance had been made for remissions and cost of printing was so much net revenue to the Government. I think it is cruel to require these fees from persons of slender means.

At the present time there are 88 cases on our list, of which 86 are from Montreal or the province of Quebec. Last year there were 42 cases from Quebec; so this year the cases originating there have more than doubled. Forty-one of the applicants were in such straitened circumstances that they could not pay the required fees. There were cases in which the wife, having been deserted, had to get a position as stenographer or bookkeeper or waitress and was earning from $5 to $15 a week. Out of that slender income she had to incur heavy expenses to obtain a parliamentary divorce. This year the proceeds that have accrued to the Government by way of divorce fees amount to $9,500 odd. That is to say, the country received a revenue

of $9,500 which came out of the pockets of these unfortunate people. I do not think the Government should derive a revenue from any such source. The lives of these people are miserable, and they are left in a pitiable condition. Their only remedy is to secure a divorce so that they may start anew. Yet, according to the rules of Parliament, they have to pay a huge fee in order to get a divorce.

After a bill of divorce is passed here, what becomes of it? It is sent to the House of Commons, where it has to pass another committee; and I do not hesitate to say that in the past in many cases, of which I have known personally, there has been a lobby against the bill, and sometimes the lobby has been successful, the result being that the bill passed by this House has been finally rejected. Under these circumstances I think there should be some remedy provided if possible.

I quite agree with what has been said by the proposer of the resolution as to other grounds, but what appeals to me even more is the fact that these unfortunate people who apply for the remedy of divorce should not be mulcted in heavy fees, and should not be compelled to come to Parliament at all.

I did not quite catch what the honourable gentleman said as to why these divorces were solely within the jurisdiction of the Dominion. My recollection as to the reason is that a provision was inserted in the British North America Act, at the instance of Sir George Etienne Cartier, for the protection of the minority. It is my understanding from some books I have read on the subject that this is the reason why exclusive jurisdiction was given to the Dominion under the British North America Act.

I do not think I have anything further to say. I hope some method will be suggested by which these divorces can be dealt with without coming before this House at all. I express this hope on behalf of the unfortunate people I have referred to. My sympathy goes out to them, and I feel that they should have a less expensive remedy.

Hon. Mr. MURDOCK: What would be the status of people in Quebec if there were no divorces granted here?

Hon. Mr. McMEANS: They would do as others have done in other parts of the country; they would move out of their province.

Hon. Mr. MURDOCK: Would that not involve a larger measure of expense?

Hon. Mr. McMEANS: Oh, no; I do not think so. Besides, it must be remembered that Parliament meets only once a year, whereas the courts are sitting daily. In Ontario there are circuit judges who go from town to town and try the cases, including divorce cases, set down on the list, and if a divorce application is not contested it is disposed of in fifteen minutes. Furthermore, one can go to Michigan and get a divorce very quickly. I am told that at one time there were in the state of Michigan more divorces granted to Canadians than to any others.

Hon. Mr. MURDOCK: Is it not a violation of the law for a citizen of Canada to go to Michigan or to Reno to get a divorce?

Hon. Mr. McMEANS: It is no violation of the law to go there. The divorce, of course, would not be good unless both parties went there and said they were content to have the case tried there and that they were residents of the state. Is it a charge of bigamy the honourable gentleman refers to?

Hon. Mr. MURDOCK: Yes.

Hon. Mr. McMEANS: If my honourable friend were familiar with the circumstances he would know that many people in Canada are living in a bigamous condition. I think there are hundreds and thousands in cities all over this country. Perhaps even one's next door neighbour is one of them. There are many cases in which a woman or girl is deserted. She cannot prove the offence which is the ground for a divorce. What is the result? I need not go into that, for the House has already decided against my contention in regard to desertion. But what is going to happen? Is she not driven to another method of life? Someone comes along, and she becomes fond of him, and she goes and lives with him. I think the evil would be very much less if we had a divorce law applicable to cases of that kind.

Hon. C. C. BALLANTYNE: Honourable senators, I rise to say a few words on behalf of the Protestant minority of the province of Quebec, which I have the honour to represent in this House. Personally I am no more in favour of divorce than other honourable members of this House, but I think we all know that circumstances and conditions arise which make divorce necessary.

The honourable senator from Vancouver (Hon. Mr. McRae) has presented to this House a motion which would completely deprive all citizens of the province of Quebec, other than Roman Catholics, of the opportunity of getting a divorce. I regard that as a very grave injustice. The city of Montreal has a population of over one million. The

honourable senator from Vancouver (Hon. Mr. McRae) and also the honourable the senior senator from Winnipeg (Hon. Mr. McMeans) say that, as the majority of the citizens of the province of Quebec are opposed to divorce, the minority should be disregarded just because they happen to live in that province. The Canadian Parliament passes laws to give equal justice to all citizens of Canada, and I am sure that honourable senators will agree with me that the citizens of the province of Quebec, which has no divorce court, and no possibility at all of getting one, would be in a different position from the citizens of the other provinces of Canada, except those of Prince Edward Island—

Hon. Mr. HUGHES: Prince Edward Island has a divorce court.

Hon. Mr. BALLANTYNE: Well, I withdraw that. If that is so, I do not understand why cases from Prince Edward Island come here.

Hon. Mr. MacARTHUR: It has not concurrent legislation.

Hon. Mr. BALLANTYNE: To go back to the province of Quebec—if this motion were carried, and this House did not deal with divorces from the province of Quebec, hundreds of thousands of English-speaking people in that province would be deprived of the opportunity of coming here and—

Hon. Mr. GORDON: Surely there are not so many who want divorce.

Hon. Mr. BALLANTYNE: I am not saying there are, but I say it is unfair to deprive a minority of the citizens of Quebec of any possibility of getting divorce. There are cases in which, in my opinion, divorce is absolutely justifiable. In saying this I have every regard and sympathy for the views of those who do not agree with me.

The object of this motion is very plain to the House, I am sure. It was said a while ago: "All the provinces but Quebec have divorce courts. We are very sorry for the minority in Quebec. But citizens of that province can take up domicile in Ontario if they want to get a divorce." The honourable senior member from Winnipeg (Hon. Mr. McMeans) has said they could go to Michigan.

Hon. Mr. McMEANS: No, no.

Hon. Mr. BALLANTYNE: I am sorry. That is what I understood. No one knows better than the honourable the senior member from Winnipeg that American divorces are not worth the paper they are written on, as far as the Dominion of Canada is concerned.

I will conclude by saying that I should like the Senate to be freed of the responsibility of dealing with divorce, but, if such a step as proposed is to be taken, some facilities should be provided which would place the minority in Quebec in the same position, with regard to divorce, as the citizens of the other provinces of Canada.

Hon. JAMES MURDOCK: Honourable senators, I am heartily in favour of the motion of the honourable senator from Vancouver (Hon. Mr. McRae) being adopted if it could be given effect; but, as I understand, the Chairman of the Divorce Committee, the honourable the senior member from Winnipeg (Hon. Mr. McMeans), gave the most positive reason why the motion should not now be passed. He pointed out that a distinguished Canadian who had much to do with the bringing about of Confederation, Sir George Etienne Cartier, was responsible for placing in the British North America Act a provision giving the Dominion the exclusive right to deal with the question of divorce. My honourable friend told us also that this was done for the purpose of protecting a minority. What was the minority at that time? It was the minority in the province of Quebec, I presume, who wanted no part or parcel in matters of divorce.

To-day we have a minority to take under our wing, and to consider. What is that minority? As my honourable friend from Alma (Hon. Mr. Ballantyne) has just said, it is the Protestant minority of the province of Quebec. Is it, these many years after the signing of Confederation, not entitled to the same consideration as the minority received in 1867, when jurisdiction in divorce was handed over to the Dominion so that those who constituted the minority then might not have to meddle with divorce or dirty their hands with it? Surely a motion of this kind, if it is going to pass, ought to set down and define some reasonable, consistent, logical and lawful method whereby the Protestant minority of the province of Quebec would be taken care of without having to evade the provisions of the Canadian law as has been suggested, by going to Michigan or Reno, or by establishing a "phoney" residence in some other province for the purpose of getting relief from the marriage tie. While I am in hearty sympathy with the proposal to get the divorce question out of the Senate of Canada, it seems to me that we must still consider the minority.

Hon. Mr. McMEANS: May I be allowed to explain to the honourable gentleman that I was merely hoping there would be a full discussion and that this would lead to some remedy being provided. I never had the

slightest intention that a minority should be deprived of any right, and I do not think the resolution would have such a result.

Hon. Mr. MURDOCK: My honourable friend and I would agree, I am sure, on the remedy that should be provided, but we cannot make it effective.

Hon. Mr. McMEANS: A commissioner or judge could be appointed.

Hon. C. E. TANNER: Honourable members, I understand this motion is made simply for the purpose of eliciting the opinion of the House with regard to two questions: first, whether we should continue to deal with divorces in the Senate, constituting this Chamber, through its committees, a trial court for divorce cases; and secondly, if we are not in favour of so continuing, whether we can provide some other means whereby the people referred to by my honourable friend opposite (Hon. Mr. Murdock) would be given an opportunity of applying for divorce. I think the introducer of this motion (Hon. Mr. McRae) has stated very fair grounds in support of it. For my part, I do not think it was ever intended, either by the Fathers of Confederation or anybody else, that the Senate should be a court for the trial of divorce cases. Power to deal with matrimony and divorce is a general power, and I have no doubt that the purpose was to have divorce cases decided by the courts throughout the land.

I agree entirely with everything said by the honourable mover of the resolution with respect to the want of dignity in our present practice, and the loss of time by honourable members who are obliged to hear divorce cases when they should be free to engage in more important work. We all know that these honourable members have to devote themselves almost continuously to the work of the Divorce Committee. It is unfair to them and to the House that they should be tied up in this way and prevented from attending the sittings of other committees.

I do not think there is any desire that anyone entitled to a divorce should be deprived of the right to obtain it. But that is a question altogether different from the one before us, which is whether or not the Senate should continue to degrade itself by acting as a divorce court. I should prefer to see some other body set up, to whom people could apply for divorce. I do not pretend to be an authority on the matter, but it seems to me that it is within our jurisdiction to establish a special court for the hearing of divorce applications, if we desire to do so, just as we have established the Exchequer Court and Admiralty courts. Such a tribunal as I suggest might be given the power to try cases from any part of Canada. It seems to me that we have also the right to widen domicile provisions, so that anyone—a person from the province of Quebec, for instance—could apply to any court in the country for a divorce if he chose to do so.

All that is asked in this resolution is that we declare ourselves as opposed to the receipt of further applications for divorce in the Senate. If the resolution were carried, we could, I presume, give effect to it by amending our Rules. We could refuse absolutely to act upon petitions. We might not want to do that without consulting first with the House of Commons, because if that House decided to initiate divorce bills it would be discourteous on our part to refuse them consideration; but I take it that through consultation with the other House we could arrange that further divorce petitions should not be accepted by Parliament. As I have explained, this would not mean depriving anyone of a right, for I believe a Dominion court could be established with jurisdiction to hear petitions from a person domiciled anywhere in Canada.

The resolution was negatived.

CANADA SHIPPING BILL

THIRD READING

On motion of Hon. Mr. Dandurand, Bill 9, an Act to amend the Canada Shipping Act, 1934, was read the third time, and passed.

EXCISE BILL

REPORT OF COMMITTEE

Hon. F. B. BLACK presented, and moved concurrence in, the report of the Standing Committee on Banking and Commerce on Bill 123, an Act to amend The Excise Act, 1934.

He said: Honourable senators, the committee has made several amendments to this Bill, but I may say they are corrective and do not alter the character of the measure.

The motion was agreed to.

LORD'S DAY BILL

REPORT OF COMMITTEE ON MESSAGE FROM COMMONS

Hon. F. B. BLACK presented, and moved concurrence in, the report of the Standing Committee on Banking and Commerce on the message from the House of Commons disagreeing to the amendment made by the Senate to Bill 13, an Act to amend the Lord's Day Act.

He said: Honourable senators, the committee recommends that the Senate do insist on its amendment, for the following reasons:

1. The corporation, being the person guilty of the offence and the only one to be possibly benefited by the offence, is the only person that should be penalized. To penalize officers, directors or employees is unjust, and is especially unjust in the case of officers or employees whose position may depend on obedience to company policy.

2. The amendment does provide an increase in the minimum penalty in the case of a third or subsequent offence. There are many very small companies, such, for example, as small canneries, in respect of whom a fine necessarily greater than fifty dollars might be unduly severe and result in reluctance to convict.

3. There can be no reason why the imposition of fines if appropriately heavy—

of a progressively heavy amount—

—should have less effect in the case of offences against the Lord's Day Act than in the case of offences against any other Act.

Hon. Mr. HAIG: Honourable members, before the motion is put, may I say that I have been requested by the honourable senator from Shawinigan (Hon. Mr. Bourgeois) to ask that this matter stand until Tuesday of next week. He was here until the Order was reached and passed. Now we are taking it up again. He would like to be here to have an opportunity of discussing the report.

Hon. Mr. MURDOCK: I feel quite sure the honourable senator from Shawinigan would be entirely satisfied with the action which it is now proposed to take.

Hon. Mr. HAIG: He asked me less than half an hour ago to make this request on his behalf. He said, "I am afraid that report is going to come up again, and I wish you would ask that consideration of it be adjourned until I am here."

Hon. Mr. MURDOCK: I sponsored the Bill, though somewhat unwillingly. I conferred with the honourable senator from Shawinigan, and I am pretty certain that the action I now intend to suggest, if the report is adopted, will be quite satisfactory to him. By considering the report now we shall get some action on the question he is interested in.

Hon. Mr. HAIG: I can only repeat that less than half an hour ago he asked me to make this request on his behalf.

Right Hon. Mr. MEIGHEN: Honourable senators, I am not interested in whether this Order is postponed or not, but I think some person with a fine Italian hand has been, as he conceived, improving the reasons drafted by the committee.

Hon. Mr. MURDOCK: It was not I.

Right Hon. Mr. MEIGHEN: I had no thought of the senator at all. I do not think any honourable member had to do with it.

There is another particular in which I know the report does not follow the terms as written out in the committee, but I do not think it is important except as to one paragraph, which the House of Commons may find it difficult to understand in its present form. The third paragraph, as read by the chairman of the committee, stated that in cases of offences against the Lord's Day Act there was no reason why fines, if "progressive," should have less effect. "Progressive" I dislike in many respects, and certainly in this setting.

Some Hon. SENATORS: Oh, oh.

Right Hon. Mr. MEIGHEN: I now have the report before me. I find the wording of the paragraph is all right, but it was not so read.

Hon. Mr. HAIG: Honourable members, if my request is not granted, I shall move adjournment of the debate.

The Hon. the SPEAKER: The motion before the House, honourable members, is, that this report be considered forthwith. The motion can pass only with unanimous consent. If the honourable senator insists on his objection—

Hon. Mr. HAIG: I do.

The Hon. the SPEAKER: Then the report will have to be considered at the next sitting of the House.

Hon. Mr. MURDOCK: He asked that it be considered on Tuesday next.

The Hon. the SPEAKER: I know he did. It is moved, and seconded, that this report be taken into consideration on Tuesday next. Is it your pleasure, honourable senators, to adopt the motion?

The motion was agreed to.

DIVORCE BILLS

THIRD READINGS

On motion of Hon. Mr. McMeans, Chairman of the Committee on Divorce, the following Bills were severally read the third time and passed, on division:

Bill A3, an Act for the relief of Frank Roy Hedges.

Bill B3, an Act for the relief of Jessie Fields Chambers Henry.

Bill C3, an Act for the relief of Marguerite Oldham Jamieson Macdonald.

Bill D3, an Act for the relief of Ida Hillman Livermore Woodall.

Bill E3, an Act for the relief of Gabrielle Rachelle Cécile Péllissier de Kermeno de Gouzillon.

Bill F3, an Act for the relief of Millicent Barbeau Edmondson.

Bill G3, an Act for the relief of Theodore Charles Grothé.

FARMERS' CREDITORS ARRANGEMENT BILL

THIRD READING

Hon. RAOUL DANDURAND moved the third reading of Bill 25, an Act to amend the Farmers' Creditors Arrangement Act, 1934, as amended.

He said: There is an error in the Bill, which does not at all affect any of the clauses. In order to have it rectified the honourable senator from Vancouver South (Hon. Mr. Farris) will move an amendment to the motion.

Hon. J. W. deB. FARRIS: Honourable senators, in the Bill as now printed clause 1 has three subclauses, and they are not arranged in proper sequence. The first subclause defines "creditor." Then, without any apparent connection, follow the second and third subclauses, which deal with procedure in cases that have been partly heard. The Law Clerk of the Senate suggests that subsections 2, 3 and 4 of section 1 be taken out of the definitions, of which they should really form no part, and be put together as a separate group. No change in meaning is involved. It is simply a rearrangement in more orderly form.

I move therefore:

That Bill No. 25 be not now read a third time, but that it be amended by leaving out subclauses 2, 3 and 4 of clause 1 thereof and substituting the following:

(2) Section 12 of the said Act is amended by adding thereto as subsections 12, 13 and 14 the following:

(12) If, in the case of a proposal filed prior to the coming into force of this subsection, a debt secured by mortgage, hypothec, pledge, charge, lien or privilege on or against any property of the farmer (hereinafter referred to as the secured debt) has not, by reason of the absence of privity of contract between the farmer and a secured creditor as herein defined, been dealt with by way of a composition, extension of time or scheme of arrangement, the farmer shall be entitled to have the proposal proceeded with or to file a new proposal, in either case, for the purpose of having the secured debt dealt with by way of composition, extension of time or scheme of arrangement in the like manner and with the like results as if this subsection had been in force at the date of the filing of the original proposal.

(13) In the case of a proposal formulated by a Board of Review prior to the coming into force of this subsection whereby a secured debt was dealt with, the farmer shall, notwithstanding the absence of privity of contract between himself and a secured creditor as herein defined, be entitled to have such proposal confirmed by the Board of Review in the like manner and with the like results as if this subsection had been in force at the date of the filing of his proposal by the farmer, or if such proposal was confirmed prior to the coming into force of this subsection it shall be binding as if it had been confirmed after the coming into force of this subsection.

(14) The provisions of the two next preceding subsections of this section shall not apply in any case where by an order or judgment of a court of competent jurisdiction the title of any farmer to any lands or chattels has been extinguished prior to the coming into force of such subsections.

The Law Clerk has also made one or two slight verbal changes to improve the wording of the Bill without affecting its meaning.

The amendment was agreed to.

The Hon. the SPEAKER: Shall the motion for third reading of the Bill, as amended, carry?

Hon. J. J. HUGHES: Honourable senators, I have an amendment. I understand the law of contract goes back to the beginning of civilization, and that in every civilized country in the world it has been recognized that privity of contract is the very foundation of justice. As I understand, this Bill is departing from that principle. I am loath indeed to speak on any subject, particularly on one involving legal questions, because I know nothing about the law and am sure to make some mistakes in phraseology. I do not think the Farmers' Creditors Act was good law, but it was much better as it stood than it will be as now amended. This Bill takes away privity of contract and compels a creditor to accept a debtor whom he would not accept at all if he had the right of contract.

Hon. Mr. DANDURAND: To accept a reduction.

Hon. Mr. HUGHES: No; it is worse than accepting a reduction. This Bill, as I understand, enables a man who, we will say, bought a farm subject to a mortgage to go before a board of review and get that mortgage reduced, and then compel the mortgagee to accept the reduction so made. The debtor bought the property with full knowledge of the encumbrance, and he may be a man whom the creditor would not want to have any business dealings with. That procedure appears to me to be fundamentally wrong. It is of the nature of Aberhart legislation—not so bad perhaps, but the principle is the same.

When the Bill was before the Senate on a previous occasion the honourable leader of the House said the reason for this provision was that in some of the provinces the boards of review made certain decisions which the Court of Appeal in Ontario held to be wrong in law. The honourable member from Vancouver South (Hon. Mr. Farris) said that under what I may call these improper rulings given in—

Hon. Mr. DANDURAND: In thousands of cases.

Hon. Mr. HUGHES: Yes—certain conditions became established which, if these improper rulings were not validated, would be prejudicial to the public interest. I am not competent to express an opinion in regard to that state of affairs, but if it be the case, why in the name of goodness should we extend these improper rulings into the future?

Hon. Mr. MacARTHUR: Hear, hear.

Hon. Mr. HUGHES: That seems to me to be fundamentally wrong. If we validate these improper—

Hon. Mr. MacARTHUR: Illegitimate.

Hon. Mr. HUGHES: —if we validate these improper rulings, then let us stop right here and now and require that for the future only proper decisions shall be made. This is the amendment which I now move:

That the Bill be not now read a third time, but that it be amended as follows:

1. Page 1, lines 8 to 10: strike out the following words: "and, notwithstanding the absence of privity of contract between the debtor and any of the persons hereinafter mentioned,"

2. Page 1, lines 18 to 31: strike out subclause 2 of clause 1.

3. Page 2, lines 1 to 11: strike out subclause 3 of clause 1 and substitute the following:

"(2) The said Act is further amended by inserting immediately after subsection 6 of section 12 thereof the following subsection:

"(6A) In the case of a proposal formulated and confirmed by a Board of Review prior to the coming into force of this subsection, whereby a secured debt was dealt with notwithstanding the absence of privity of contract between the former and another person treated as or held by the board to be a secured creditor, such proposal shall nevertheless be binding upon all concerned."

4. Page 2, lines 12 to 16: strike out subclause 4 of clause 1.

Hon. Mr. FARRIS: Honourable senators, I think I should make some explanations in regard to this matter.

Hon. Mr. CALDER: Hear, hear.

Hon. Mr. FARRIS: Judging from the statements that have just been made, I think there has been some misconception with regard to, first, the meaning of this section, and, second, its effect. The purpose of this section is not to change the relationships of debtor and creditor, but only to extend the jurisdiction of the board.

Let me give an illustration. I mortgage my property to A. If I become insolvent and unable to carry on, I can go to the board and get relief. But suppose my honourable friend at my right (Hon. Mr. Hugessen) mortgages his property to A and then sells it me—

Hon. Mr. HUGESSEN: I would not.

Hon. Mr. FARRIS: —and I become insolvent and am unable to meet my obligations, and I go to the board. They will say that as the mortgage was put on by someone else in the first place, they have no jurisdiction. There is no sense in that from a practical standpoint. In one case the board could act, but in the other it could not. So far as practical effect is concerned, if I am a farmer and there is a mortgage against my property, it does not make any difference whether I made the mortgage in the first place or bought the land with the mortgage on it. The result will be the same in either case. This measure undertakes not to change the relationships, but only to give the board power in each case to make the adjustments.

My honourable friend (Hon. Mr. Hughes) says that the orders previously made have been illegal, and that the illegality should not be perpetuated. But there was nothing of impropriety in the illegality itself; it was merely a misapprehension of the powers under the Act. What Parliament now proposes to do is to cure that irregularity and validly confer on the boards the power to do the things they thought they had the power to do in the first place. The board should have power to deal with a mortgage on my property, whether I put it on or it was there when I bought the property. There should be no distinction; and if Parliament confers the power there should be no difference in the results.

There is another statement the lawyers will appreciate at once, as to the sanctity of privity of contract. If I owe a debt to my honourable friend to my right, and I assign that debt to B—

Right Hon. Mr. MEIGHEN: You cannot assign it.

Hon. Mr. FARRIS: —and my honourable friend assigns it to B, and B gives me written notice of the situation, there is a change in privity of contract, under statute, I think, in every province. So it is well understood that in virtue of statute law you can change the relationship of debtors in this way. But this Bill does not go so far. All it does is to say that for the purposes of this

Act the creditor of A shall be regarded as the creditor of B, merely for the purpose of giving jurisdiction to the board. That is all.

Hon. Mr. MacARTHUR: Honourable senators, I should like to say a few words. Take a hypothetical case. I have $5,000 lying around loose and I want to get 6 per cent interest on it. I am A, the mortgagee. I take a mortgage from B, my desk-mate. I am willing to run the risk on the security for that $5,000. B goes to C and sells him the property. I may not want to recognize C at all. There is where I come in, as the mortgagee. I look to B because I made the contract with him; I am not looking to C because B sold the farm subject to a mortgage. I am looking to the original mortgagor, not the second mortgagor. Under this amendment you are increasing the number of creditors.

Furthermore, I believe there is some question as to whether or not this legislation is intra vires. The objection has been raised that it interferes with provincial legislation.

I do not understand this law business very well, but I know there is going to be confusion worse confounded before we are through with this legislation. If the Government wants to put it through, all right. The legislation is not going to last long in my province anyway, and I am not very much interested in it. But we have 30 or 40 lawyers here, and we ought to know where we stand on this privity of contract. I do say, however, that if I were lending money to one man on a farm loan, and took a mortgage, I should not be forced to accept another man.

Hon. Mr. FARRIS: My honourable friend does not need to accept the other man at all. If he wants to rely on the personal credit of the original debtor he can pursue him on that; but if he insists on enforcing the mortgage against the new holder of the mortgage, then the board should step in.

Right Hon. Mr. MEIGHEN: Honourable members, my first comment is this. In its present form the amendment proposed by the honourable senator from King's (Hon. Mr. Hughes) could not, of course, apply to the Bill as just amended, because the portions now proposed to be amended, although described correctly at the time this amendment was prepared, become incorrectly described when the Bill is changed in accordance with the amendment moved by the honourable senator from Vancouver South (Hon. Mr. Farris) and already passed. That difficulty, of course, could be removed. Very little work would be required in order to make the amendment of the honourable senator from King's (Hon. Mr. Hughes) applicable to the Bill as it now stands.

I followed the honourable member from Vancouver South, and while I agree with him in his reasoning, I cannot say that my mind is clear as to the propriety of passing the Bill in its present form. I know the proper time to bring this up was when the Bill was in committee, but I cannot recall this particular clause or this point being immediately under debate there. If it was, it must have been when I was out for a moment. I am disposed to agree with the honourable senator from King's (Hon. Mr. Hughes) that we might do better to amend the Bill so as to cure, if we can, the settlements already in effect, which may be impeached as invalid because of a recent decision, probably a correct one, unless they are validated by such legislation as this. I am inclined to think we shall avoid trouble by endeavouring to validate them, but I should not want the Senate to go any further than is necessary. We should avoid, if possible, any attempt to reach out the arm and bring in as a creditor within the meaning of this Act the mortgagee who took his mortgage from an owner who was prior to the farmer in distress.

I am going to confine my argument to one ground. I very much fear the constitutionality of the effort we are making. The honourable senator from Vancouver South (Hon. Mr. Farris), I am quite sure, has had more practice in these matters than I have had, and he may have studied the constitutional phase more than I. However, I put this submission to the House. We are legislating in bankruptcy. That is our only basis of jurisdiction to support this whole Farmers' Creditors Arrangement Law. In the exercise of this jurisdiction which we assume, and which we have, we certainly can deal with creditors; we can deal with the debtor, and we can do things incidental to enable settlement of the debtor's affairs in bankruptcy and the distribution of his assets. But when we seek some man who is not a creditor of the debtor at all, and make him a creditor, are we not really doing something beyond the incidental?

Hon. Mr. HUGESSEN: How can you distribute the assets without bringing him in?

Right Hon. Mr. MEIGHEN: You cannot distribute his security until you have taken care of him. I am not saying finally that you cannot bring him in, but I question very much that you can. What I should like to ask of some lawyer who has had more experience in bankruptcy matters than myself is this. In

the case of a merchant, is such a man made a creditor in the event of bankruptcy? I do not think we are entitled to read into the list of creditors the name of someone who is not a creditor. He may have security against the property, but the debtor does not owe him. If he wishes to assert his right and has an assignment from a creditor, he may be in a different position. But that is not the point. The farmer, in justice, does not owe that man. That man has security on the property, and he may come in and make a composition with the creditor; but if he comes before the Official Receiver and says, "I will agree to take so much as against that land," he cannot recover against the debtor.

Hon. Mr. HAIG: In bankruptcy he is requested to value his security, and can claim for the balance.

Right Hon. Mr. MEIGHEN: But he is not made a creditor and is not treated as such, and I think it is stretching the law of incidental authority too far to attempt to do that or to say that we can do it.

Now, if I am right in even raising a serious doubt, would it not be better just to validate what is done—that may be impeached, it is true, but there are only a limited number of cases and there may never be impeachment—than to pass a measure which is almost certain to be challenged, for attention is now drawn in a very emphatic way to this point? Would it not be better to confine our effort to validating what is done now? The validating of this is not likely to be impeached at all, for those men whom these boards of review have taken in and called creditors when they were not creditors have probably estopped themselves from taking any proceeding. In most cases they have likely accepted, and the law of estoppel will apply. But if we deal with the future and endeavour to assert our authority in cases in time to come, and say that certain persons shall be called creditors when they are not such, and that they shall be treated just like real creditors, I think we shall get into the position described by the honourable senator from Prince (Hon. Mr. MacArthur) and there will be confusion worse confounded.

I suggest to the honourable senator from Vancouver South (Hon. Mr. Farris) that he seriously consider an appropriate amendment which will confine our effort to validating what has been done, and leave the future to take care of itself in the way in which the past in the great majority of cases has been taken care of, without regarding this security-holder as a creditor within the purview of the bankruptcy law.

Hon. Mr. MacARTHUR: The right honourable gentleman, as usual, has made the matter clear and lucid. He has exactly expressed my opinion of this situation. We now have 58 illegitimate children, so to speak. We have power to make them legitimate. But on the very same ground there are some three thousand other persons whose cases are questionable and who are ready to come along and ask to be made legitimate; and their number may increase to six, eight or ten thousand before we are through. The question is whether we want to legitimize only the 58 illegitimate children or the six or eight thousand questionable ones.

Hon. Mr. FARRIS: Would the right honourable gentleman (Right Hon. Mr. Meighen) permit me? I do not think he has given enough consideration to the fundamentals of this thing. The distinction should not be between the creditors. The point to be emphasized is this. You have two farmers living side by side on farms of the same size, each with a $5,000 mortgage on his property. Each works hard and is competent, but conditions are such that neither of them is able to pay his debt, and both are threatened with dispossession. It so happens that the mortgage on one of these farms was put on by the farmer himself, but that the mortgage on the other farm was put on by someone else before the farm was sold to the present occupant. So the aspect is identical.

Right Hon. Mr. MEIGHEN: I agree with that.

Hon. Mr. FARRIS: There is no logic, no justice, in permitting the board to relieve one of the farmers while the other one is put out of his property merely because a third person says, "I did not make the mortgage with that man." The point is that this third person pursues his remedy, not against the man who made the mortgage, but against the farmer on the land. He has elected to foreclose, and because of that election he should be in exactly the same position as the other creditor. The theoretical position of the creditor cannot make any difference at all in practice.

So far as the constitutional question is concerned, that is a very different matter.

Right Hon. Mr. MEIGHEN: That is all I raised.

Hon. Mr. FARRIS: My right honourable friend has accepted the principle that the legislation is valid by supporting the validity of the legislation in the cases that already have been decided.

If this Parliament is going to refuse to pass legislation in every case where a doubt may be expressed as to its constitutional validity, there will be virtually no legislation passed. I wish to refer my right honourable friend to the Privy Council decision in 1937 Appeal Cases, to which I made some reference in committee the other day. If he will look at the beginning of this report he will see the argument which I presented on behalf of the province of British Columbia, against the validity of the Act as a whole—

Right Hon. Mr. MEIGHEN: Which Act was that?

Hon. Mr. FARRIS: The original Act, the Farmers' Creditors Arrangement Act of 1934. Under instructions of the province of British Columbia an appeal was taken, and the validity of the whole Act was challenged, on the ground that it was not legitimate bankruptcy legislation. My right honourable friend will find there twelve reasons why I considered it was not legitimate bankruptcy legislation, but was colourable.

Hon. Mr. MacARTHUR: Is my honourable friend still of that opinion?

Hon. Mr. FARRIS: I must accept the judgment of the Privy Council. In my opinion that judgment, in supporting the validity of that legislation, applies to all ancillary powers necessary to give full effect to the Act. If honourable members are interested enough to look up that case they will see how strong were the reasons presented against the validity of the original Act. I should say that they were certainly as strong as any reasons that could be advanced against this amendment to-day. Yet they were all set aside by the Privy Council.

I submit this thought for consideration by honourable members. If every time we came into any conflict with the provinces on the question of property and civil rights we refused to pass legislation lest it might be determined ultra vires, there would be virtually no Dominion legislation at all in many important fields over which we have jurisdiction. The so-called Lemieux Act was mentioned in committee the other day. That was in operation for, I think, about twenty years, and finally it was declared ultra vires. On the other hand, I believe that two Combines Investigation Acts were held to be ultra vires, but Parliament persisted and finally got through one that was declared valid.

When we were discussing the Divorce and Matrimonial Causes Bill the other day I suggested an amendment because I thought a measure of doubtful validity could be converted into one about which there should be no doubt. Now, if an alternative amendment could be offered here, one about which there was no doubt, I should be in favour of it. But I do not believe it is possible to improve on the present amendment in that respect. It seems to me that the form of this one is as sound as we can make it, and that the prospects of its being held valid are as good as were the prospects with respect to the original Act of 1934. I feel that my right honourable friend is giving undue consideration to the risk of invalidity, when there is every reasonable hope, in view of the previous decision, that the measure in its present form would be held intra vires.

Right Hon. Mr. MEIGHEN: Would the honourable gentleman permit me? Aside from the point of constitutionality, I am in agreement with him. I understood, from a citation he made in his address before the committee, that Lord Thankerton held that this Act did not—and I think he said it could not—interfere with the security in any way held by a mortgagee against the land. And I apprehended that these words were expressed by Lord Thankerton by way of showing that he considered the Act was valid. I do not know whether the honourable gentleman has that quotation in front of him now, but it struck me at the time pretty much as declaring that we cannot do what we are trying to do. In respect of most of our legislation we have no doubt at all as to its validity, but a number of other measures are in a field about which we never can be absolutely certain. In such cases we must try to walk as warily as we can. I rose only to ask the honourable senator if he understood that citation from Lord Thankerton's judgment in the same way as I did. I freely confess that perhaps I should not have raised the question at this time, and might not have done so if I had had an opportunity of reading the judgment and getting that full knowledge which one ought always to have before discussing a question such as this.

Hon. Mr. MacARTHUR: We all know that this Act has been administered by rule of thumb. No instructions were issued in the matter, and there has been no uniformity. It seems that in eight provinces the judge held that absence of privity of contract in any case was a bar to the operation of the Act, but one judge held that it was not. That judge was in Ontario, where there were 58 cases involving this point. Well, what the amendment proposes is to give effect to the opinion of that one judge and disregard the opinions of the eight others. This Act has

cost the country something over $3,000,000 already. I am not much interested in the matter personally, because I am satisfied that my province of Prince Edward Island will be the first one exempted by proclamation.

Hon. Mr. DANDURAND: I think my honourable friend is in error. I read some time ago the discussion which occurred in the other House, and, as I recall, it was stated that thousands of cases had been settled in the West and other parts of the country on the basis of the link existing between the original lender and the debtor. In cases that are pending I do not know whether the presiding judges will act in accordance with the decision of the judge in Ontario to whom my honourable friend has referred. But, as I say, settlements have been accepted in thousands of cases, and in each case an entirely new situation has been created as between the debtor and his creditors. Well, surely we must recognize that situation and validate what has been done. I wonder if the situation will not become very much more involved if we limit this validity to the past and provide that a mortgagee shall not be obliged to appear before the board when the property upon which he holds his mortgage has passed to another purchaser. These new situations between debtors and creditors have been created throughout the West, in Manitoba, Saskatchewan and Alberta, and a considerable number in the eastern provinces.

Hon. Mr. MacARTHUR: Do I understand the honourable leader to say that there were thousands of cases, outside Ontario, in which the absence of privity of contract was dealt with?

Hon. Mr. DANDURAND: I am not speaking of Ontario; I am speaking of the West.

Hon. Mr. MacARTHUR: Cases in which the absence of privity of contract was dealt with?

Hon. Mr. DANDURAND: Yes.

Hon. Mr. CALDER: There must have been.

Hon. Mr. FARRIS: I have before me the House of Commons Hansard and I see at page 1600 that the Minister of Finance stated that in Ontario alone some 400 cases had been dealt with notwithstanding lack of privity of contract.

Hon. Mr. CALDER: There must have been hundreds of cases in the West.

Hon. Mr. FARRIS: In answer to the right honourable leader on the other side (Right Hon. Mr. Meighen), may I say that it was argued before the Privy Council that the original Act as a whole was not bona fide bankruptcy legislation; that the whole import of the measure was the very opposite of bankruptcy legislation. Bankruptcy involves a distribution of the debtor's assets for the benefit of his creditors. The principle of this Act, in its recital, is to prevent the distribution, not for the benefit of the creditors, but for the benefit of the public, and possibly at the expense of the creditors, by keeping the farmer on the land. That was the trend of the argument. As an incident to this argument it was contended that another reason why this was not bankruptcy legislation was that it interfered with the security of a secured creditor. In writing the judgment, Lord Thankerton dealt with the latter point first, and said the Act did not interfere with the security of the secured creditor; it interfered only with the debt. Now that the Privy Council have declared the Act to be bankruptcy legislation, I should not think there was one chance in a thousand that they would say the whole Act had become invalid because of the incorporation of an amendment dealing in the way here proposed with those who were not primarily creditors.

Again I want to remind my right honourable friend that this measure does not say that a new relation as between debtor and creditor is in fact created; all it says is that the board may deal with the case as if such a relation did exist. That is a very different thing.

And may I say this, that the change is made for one purpose only, namely, as a necessary incident in order that all such cases may be dealt with. As I understood the decision of the Privy Council, when the Parliament of Canada is seized with jurisdiction over a general subject-matter, such as bankruptcy, all legislation that is necessary to deal with all the various phases of the subject-matter becomes necessarily ancillary and incidental. Now, there is no question that these two farmers, side by side, are in exactly the same position, so far as bankruptcy is concerned, and so far as the necessity of making the distribution or arrangement is concerned. Therefore it is necessarily incidental that both be dealt with in the same way.

Hon. Mr. CALDER: Hear, hear.

The amendment of Hon. Mr. Hughes was negatived.

The Hon. the SPEAKER: The question, honourable members, is now on the motion for third reading of the Bill, as amended.

Hon. Mr. FARRIS: Honourable members, I wish to offer an amendment, that the Bill as amended be not now read a third time, but that section 9, added by the committee, be struck out. That is the section limiting the operation of the Act to the end of this year except in the provinces of Alberta and Saskatchewan.

Hon. Mr. DANDURAND: Honourable senators, I stated yesterday that I might ask the opinion of the House on this section 9, which my honourable friend from Vancouver South (Hon. Mr. Farris) has just moved to have stricken out.

Section 8 of the Bill reads as follows:

> On and after a date to be fixed by proclamation of the Governor in Council, no new proposal shall be made or filed by any farmer or accepted by any official receiver in any province in respect of which the said proclamation is issued.

The Minister of Finance, who is responsible for the administration of this Act, has asked that the Governor in Council be clothed with the power to put an end to this Act by proclamation, setting a date after which no official receiver in any province to which the proclamation applies would have the right to receive new proposals. The Minister felt that the Governor in Council would act somewhat prudently in terminating operation of the Act in the provinces, probably being influenced by indications from the provinces as to when the Act should come to an end within their respective territories. He desired to assume responsibility for fixing that date. Now, the committee has approved of a section which would authorize the Governor in Council to put an end to the receipt of proposals in certain provinces at any time between the passing of the Bill and the 31st of December of this year, and would also prohibit any proposal from being received in any of the provinces, except Saskatchewan and Alberta, later than that date. Now, in support of the amendment—

Hon. L. COTE: Honourable members, I rise to a point of order. Section 9 was recommended by the committee and it was included in the committee's report to the House. That report was considered and adopted. Now, on the motion for third reading of the Bill, an amendment is made to strike out section 9, the very section which was adopted in committee and later in the House. I may be entirely wrong in my point of order. However, I recollect very clearly that on the motion for third reading of the Lord's Day Bill, after it had been amended in committee and the report of the committee had been adopted by this House, the honourable member from Shawinigan (Hon. Mr. Bourgeois) offered an amendment. A point of order was raised by, I think, the right honourable leader on this side of the House (Right Hon. Mr. Meighen). His Honour the Speaker ruled that it was well taken, and that the member from Shawinigan could not in the circumstances move his amendment; that is, that words which had been included in the Bill and voted on by acceptance of the committee's report, as in this case, could not be struck out on third reading.

Hon. Mr. DANDURAND: My honourable friend's statement is according to the facts, but I would draw the attention of the Senate to this situation, which is somewhat different from the one he has referred to. Yesterday when the motion for concurrence was moved I rose and said:

> The amendment proposed by the Banking and Commerce Committee varies to a certain extent the policy contained in the last clause of the Bill.

I cited the clause.

> The suggested amendment is in these terms: "No proposal shall be received in any province later than the 31st December, 1938, except in the provinces of Saskatchewan and Alberta."

And I added:

> I may ask the opinion of the House with respect to this amendment on the motion for third reading.

No one took exception to the reservation I then made. I am not ready to say that that reservation should now be accepted by the Senate, but if my honourable friend will allow me to state why I think it is important we should have the opinion of the House as a whole on this amendment, he may not insist upon his point of order.

The Bill will be returned to the Commons, and I feel that the honourable Minister of Finance, who is responsible for the administration of the Act and has requested that he be given discretion to fix the date when no more proposals shall be received in any province, would be very much interested in knowing the opinions of honourable senators, who as a matter of fact represent all the provinces. So far we have the statement of the honourable junior member from Winnipeg (Hon. Mr. Haig). He moved this amendment, which was supported by my honourable friend from Montarville (Hon. Mr. Beaubien), and by the honourable senator from Prince Edward Island. We have had no clear expression of opinion from the other provinces. My right honourable friend (Right Hon. Mr. Meighen) sponsored this statute when it came before us in 1934, but he now states he somewhat regrets his action. I feel that if there is a consensus

of opinion in this Chamber in favour of discontinuing the Act it may have some bearing on the attitude of the other House towards this amendment. That is my sole reason for suggesting this expression of opinion.

Hon. Mr. COTE: I think my point of order is well taken, but I will not press it if the honourable gentleman, instead of having the amendment made here, will consent to have the Bill referred back to the committee.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. COTE: Because I know it is in the minds of members of that committee to insert another amendment if this one is struck out. The honourable gentleman will recall that the committee intended to introduce an amendment regarding the right of appeal in certain circumstances, but it was not pressed in view of the fact that a dead line was set. I am not ready to move that amendment with respect to the right of appeal before giving it further consideration, but I think it would be satisfactory to all concerned to recommit the Bill. Consideration should then be given to the recommendations of the honourable leader of the House and to the amendment which would be revived in the event of the committee striking out the first amendment.

Hon. Mr. DANDURAND: I admit the importance of the point raised by my honourable friend, for I had been notified that if this amendment did not carry in the Senate, an amendment would be made to include the right of appeal from decisions of boards of review.

Hon. Mr. HAIG: I hope the honourable senator from Ottawa (Hon. Mr. Coté) will not press his point of order. I think it is well taken, but I agree with the honourable leader of the Government that the House ought to vote on whether it wishes the Act to end on December 31 this year in all the provinces except Alberta and Saskatchewan. I urge honourable members to vote down the amendment now moved and leave in the Bill section 9 as inserted by the committee.

Hon. Mr. COPP: Why should those two provinces be excepted?

Hon. Mr. HAIG: In those provinces there has been a crop failure for eight successive years. The farmers there have been so discouraged that they have not taken advantage of the Act to the same extent as have farmers in the provinces where such a condition does not exist. Let me cite Manitoba. Two years ago I would not have advocated the discontinuance of the Act in that province, but I do now because conditions there are normal once more.

I would again urge the House to allow the committee's amendment to stand. I know the Act is very difficult for secondary creditors, the small business people in rural towns. They are fundamentally affected. The Act has wiped out all their security. Six months is sufficient time to allow everyone who so desires to invoke the Act. That is why I urge honourable senators to vote down the amendment proposed by the honourable senator from Vancouver South (Hon. Mr. Farris) and leave the amendment as put in by the committee. Other honourable members did have amendments to make, but they said, "If the Act is to disappear in all the provinces except Alberta and Saskatchewan, we are satisfied, for it is only a matter of time when conditions will have improved in those provinces to the point where the Government can declare the Act to be inoperative."

I am persuaded that, apart probably from Prince Edward Island and Nova Scotia, it would be very difficult for the Government to pass an Order in Council discontinuing the Act. I think the legislation has fulfilled its purpose, which was to keep the farmers of the three Prairie Provinces on the land. While it applies to all the provinces, the stories we have heard about its operation in Prince Edward Island are sufficient to show how the Act can be abused. I would ask the House to retain clause 9.

Hon. Mr. HUGHES: Does clause 9 prevent the Minister of Finance from terminating the Act in any province at any time he sees fit?

Hon. Mr. HAIG: No.

Hon. JAMES A. CALDER: A similar point of order was decided by His Honour the Speaker earlier this session. From what occurred on that occasion I gather that the Senate at this stage of a Bill can do almost anything it likes, so long as there is a majority to sustain the proposed action.

If the point of the honourable member from Ottawa is well taken, let us see where we stand. A committee considers a Bill and makes a report on it, and the report is presented to the House and concurred in. Does that mean the House cannot amend that report after it has concurred in it?

Right Hon. Mr. MEIGHEN: Amend the Bill.

Hon. Mr. CALDER: Yes, the Bill. We concur only in the report, but when we reach the third reading stage we can surely amend the Bill in any way we please. We are dealing at that stage, not with the report, but with the Bill. That is the stage we are at

now. I commend the decision given by His Honour the Speaker at that time, that on third reading any member has a perfect right to move any amendment he may choose, and it is for the House to decide whether or not the amendment shall be accepted.

Hon. Mr. MacARTHUR: We all agree in that.

Hon. Mr. CALDER: The point of order has been raised, and I am speaking simply for the purpose of trying to ascertain what our powers are in this respect.

Hon. Mr. COTE: What the honourable gentleman has said is all very well so far as it goes, but as a matter of fact His Honour the Speaker ruled, not that we could not amend other features of the Bill, but that we had no right to return to any clause contained in a committee report approved by the House and get rid of that clause. That was the ruling.

Hon. Mr. CALDER: I doubt that.

Right Hon. Mr. MEIGHEN: My recollection may be wrong, but I am afraid I do not recall matters as does the honourable senator from Ottawa. I recall the honourable senator from Pictou (Hon. Mr. Tanner) urged that we could not do just what the senator from Ottawa says we cannot do; that, having once decided that a certain clause was proper and right, we could not change that decision. I took the opposite stand, that at every stage of the Bill we could come to any conclusion we liked on any part of the Bill.

Right Hon. Mr. GRAHAM: That is what the stages are for.

Right Hon. Mr. MEIGHEN: And I was upheld by the Chair. Rule 65 seems to settle the matter:

> A senator may, at any time before a Bill is passed, move for the reconsideration of any clause thereof, already passed.

But I am going to vote against the amendment.

Hon. Mr. COTE: I do not want to be out of order by speaking too often on this point, but I should like to state what happened at the last stage in connection with the Lord's Day Bill. The Bill contained a clause providing for imprisonment of directors who might transgress the Act. The committee struck out that clause and substituted an amendment increasing the maximum fine. The report was adopted by this House, and then on third reading the honourable member from Shawinigan (Hon. Mr. Bourgeois) moved that the original clause of the Bill as it came from the Commons be inserted in lieu of the clause which the committee had adopted and reported to this House.

Right Hon. Mr. MEIGHEN: But when did he move it?

Hon. Mr. COTE: On third reading—just as we are doing to-day. Thereupon objection was taken to his right to move the amendment.

Right Hon. Mr. MEIGHEN: I did not object.

Hon. Mr. COTE: Someone objected, and the honourable the Speaker sustained the objection. If the ruling on that occasion was not right, it is no fault of mine. The facts are as I have stated them.

Hon. C. P. BEAUBIEN: I desire to say a few words against the adoption of the amendment. I had intended to move in the committee an amendment for the purpose of having all litigation under the Act submitted to the jurisdiction of the court that exists for all litigants under the Bankruptcy Act. My honourable friend the junior member from Winnipeg (Hon. Mr. Haig) moved a much more drastic amendment. With the end of the year it puts an end to the application of this law in all the provinces except two. I am certainly satisfied with that. Really that is more than I asked. I may state very briefly my reasons for supporting the Bill as it now stands.

I admit this law was enacted for the purpose of meeting desperate conditions prevailing among our farmers, particularly in the West. A short-cut was taken for their relief. That short-cut was to open to them the bankruptcy law; but, strange to say, in most cases it also closed to them access to the courts. What is the position of the debtor farmer and his creditors, unless they agree? If they agree there is, of course, no difficulty. If they do not agree they go, not before the usual tribunal created for bankruptcy cases, but before a board of commissioners composed of one lawyer, who is the chief commissioner, and two other men, neither of whom has had legal training. I am certainly not desirous of speaking on behalf of my own profession, but I do think you would not attempt to make a general out of a man who was not a soldier, and to me it seems foolish to attempt to make judges out of men who are not lawyers. We have been very careful to appoint to our courts only men of high character and high mental quality, and in most cases they have been men of great experience.

Now, what happens on these boards? Leaving aside the judge, the other two commissioners hear a case; they give their decision;

they bring it to the court and file it, and it becomes law. It is law, not as between one litigant and another, but between one debtor and fifteen, twenty, or maybe fifty creditors. And it is a most extraordinary law. Where would you find a community which would agree to be judged by such rules? Where would you find a community which would agree to be judged by men who have no legal training and no particular qualifications, and whose judgment is subject to no appeal? In an ordinary bankruptcy case, if the amount is sufficient, the judgment is subject to appeal and rectification. After all, that is only just. Human error may occur anywhere, and it should be corrected. But in this case there is no correction; the judgment is simply filed in the court.

What have been the consequences of this? They have been most iniquitous. I ask you to go into the country to ascertain what has happened to the credit of the farmers. It has completely disappeared. Why? Because the decisions under this legislation have been such that not a lender is to be found anywhere. Is not that sufficient to justify me in rising on behalf not only of those who have been maltreated by the board, but of the farmers as well? This law has been directly applied to 2½ per cent of the farmers throughout the Dominion, but as a result the other 97½ per cent now have no credit at all. This law has killed their credit. Where is the man who will contradict this statement? I know that in my province you will no longer find anyone who will lend money to the farmers. They have all been deprived of the facilities of credit. Think of the plight of the farmer under these circumstances. If he cannot borrow on his farm he has absolutely no means of obtaining loans. Therefore I say, in the name of justice, in the name of those who are interested as creditors or debtors, and in the name of the 97½ per cent of our farmers throughout the land who, although they have had nothing to do with this law, have been deprived by it of their credit, we cannot too quickly get rid of it.

Hon. R. B. HORNER: I do not exactly agree with the honourable gentleman who has just taken his seat that this particular Act has deprived the farmer of his credit. The fact that he had no credit was what made the law necessary. Yet as one of those who were very enthusiastic in support of the legislation, I want to say that had I known it would extend so far as it has extended, even in my own province, or would be used as it has been, I would have done everything in my power to prevent it from becoming law. And if it is to continue to be managed as it is at present, I should like to see the amendment altered so as to exclude Saskatchewan from the operation of the Act. At present the judge administering the Act seems to regard it as his duty to make a reduction in every case that comes before him, regardless of the financial standing of the parties and of whether the man who seeks relief is in better circumstances than the one from whom the money is being taken. Great dissatisfaction has been caused by this Act. It has extended its operation far into the north country, and has been used by people whom it was never intended should be able to use it. So far as Saskatchewan is concerned, I should like to see the Act discontinued to-morrow.

Hon. Mr. FARRIS: I think I should address myself to the discussion, though it is a little hard to say whether it is on the point of order or on the amendment. On the assumption that my honourable friend is not pressing his point of order, I will proceed to discuss the amendment.

Hon. Mr. COTE: Has the honourable leader of the House come to the conclusion that the Bill is to go back to committee, or are we to have the discussion now? I asked the honourable leader whether he would consent to the compromise of recommitting the Bill. I said that if his answer was in the affirmative I would not press my point of order.

Hon. Mr. DANDURAND: What I would suggest in this. If the amendment proposed by the honourable senator from Vancouver South (Hon. Mr. Farris) is rejected, then there will be no call for reference of the Bill to the committee; but if it is adopted I will certainly agree to either an amendment regarding the right of appeal being put immediately, or the Bill being returned to the committee for further consideration.

Hon. Mr. FARRIS: Honourable senators, I was not a member of the committee before which this Bill was discussed, but I was present at the discussion and was permitted to take part. It seems to me that the position we now occupy with respect to this Bill is a very peculiar one. The Bill, before it went to the committee, had two distinct features. The first related to the improvement of the Bill itself in certain particulars.

Hon. Mr. BEAUBIEN: The extension of its application.

Hon. Mr. FARRIS: The extension of its application. The other was that the Governor in Council would have power progress-

ively, or step by step, at his discretion, to terminate the application of the law in any province. The issue before this House today is a very simple one. The members of the committee decided that that discretion should not be left to the Governor in Council, except in a very restricted way; that outside of Alberta and Saskatchewan there should be no discretion after the end of this year. In other words, the committee declared: "Regardless of what the House of Commons has to say, regardless of what is the policy of the Government, we are competent to decide that the Act shall terminate at the end of this year."

What evidence was there before the committee to support that decision? Nobody appeared before the committee and asked for it. The loan companies and the insurance companies of the country, in their organized form, appeared by counsel, and so far as I recall there was not a suggestion from them before that committee or in the House of Commons that the Act should be terminated at any definite date. I asked Mr. Leonard particularly if he had any criticisms of the Bill, and he did not offer any, and so far as I am aware no outside parties made any representations as to termination at the end of the year.

Now, what is the situation? The committee had no reports before it on that question. It had discussed the local affairs of the province of Prince Edward Island, and the clause inserted by the committee was not drawn until nearly 6 o'clock and was not afterwards discussed. I was sorry to hear my right honourable friend opposite (Right Hon. Mr. Meighen) state that he would vote against the present amendment, because there has been no discussion on it, and I know my right honourable friend is always open to argument. It seems to me that there are strong reasons why discretion should be left to the Governor in Council at this time. Mr. Leonard, who represented the mortgage and loan companies, asked for an appeal, but he asked for it on certain limited grounds. So far as I was able to follow, that was the only position taken by anyone, even those vitally affected, outside of the members of the committee.

My honourable friend from Winnipeg South-Centre (Hon. Mr. Haig), who drafted the amendment we are now discussing, is complaining of the very opposite of what Mr. Leonard was complaining about. Mr. Leonard said that priorities were affected; that those who have a mortgage sufficient to take care of the indebtedness on the land have had their security reduced for the benefit of unsecured creditors. If that is sound, the reasons advanced by my honourable friend are incorrect. As far as I could follow Mr. Leonard, the cases he mentioned were not very numerous. He was asked if the mortgage companies ever challenged in the courts the power of these boards to interfere with the security of mortgages for the benefit of unsecured creditors. To grant such power is not the purpose of the Act at all. It starts out with the proposition that it is for the benefit of the farmers, and that it is in the public interest to keep them on the land. I do not want to be too free with opinions, but it does seem to me that the reduction of a secured claim for the benefit of an unsecured creditor does not help the farmer at all. He is no better off in paying an unsecured claim than in paying a secured claim. So the distinction between the secured and the unsecured creditor is in principle one relating to the affairs of the farmer and his ability to carry on, and is not for the purpose of giving a preference to the unsecured at the expense of the secured creditor. That is my opinion, and I doubt very much the legality of any orders to the contrary. Whether or not that is so, the fact is that a creditor has the right to appeal at any time he feels that the board is exceeding its powers. He can proceed by writ of certiorari, for instance, or in any one of several ways to prevent such a tribunal from going beyond the jurisdiction conferred upon it by Parliament.

The only other complaint by these men from outside was that the valuations by the tribunals were unfair. It appears that these tribunals have utilized the valuators of the Soldier Settlement Board, and the complaint is that there is no opportunity for cross-examination of them. Well, I do not know, but I feel that that situation was greatly exaggerated. In any event, I doubt if there would be much advantage in going through all the formality that is involved in an appeal. It would mean the taking of evidence and very heavy additional expense. Those of us who have practised law have had experience with regard to arbitration. Where a number of valuators are hired on each side, and testify against one another, it is sometimes almost incredible how far apart their figures will be. I suggest that an independent board of valuators, who have no interest other than to do justice, who are not at the beck and call of either side, will in 99 out of 100 cases make a better valuation than could be arrived at by a body depending upon conflicting evidence given by experts for each side.

That is the sum total of the information that was given to this committee in regard to administration of the Act. All other information the committee obtained itself.

And after we had got through with Prince Edward Island, how much information was there? I come from the province of British Columbia. The amendment, section 9, proposes that the Act shall become inoperative there after the 31st of December of this year. I would ask the honourable gentlemen responsible for that motion, and the right honourable leader on the other side, and all other honourable members of the committee, what information they have from that province which justifies them in believing they know more about conditions there than is known to the Governor in Council. What information is there that would justify the Senate in taking the responsibility of saying that the Act shall not be enforced in British Columbia after the end of this year? I have carefully read what Hon. Mr. Duning said in the other House. He and the department have received comments pro and con as to the working of this Act from all over Canada. They have an expert and inside knowledge of it, and I do not think they are in a prejudiced position. It is said that conditions in Manitoba have improved. But is anyone sure that they will continue to improve? How are we to know that before the end of this year conditions may not have changed for the worse? We from the West are optimistic, but we know that things do not always go the way we want them.

Statements were made to contrast the operations of the Act in Prince Edward Island with those in Nova Scotia. But I want to ask honourable members of the Banking and Commerce Committee if a single word of information was obained from the province of Nova Scotia that would justify them in recommending that the Act be made non-effective in Nova Scotia. As to the province of New Brunswick, I never heard any information at all. I do not see any of my colleagues from British Columbia in the House at the moment, but I should like to ask if any one of them feels he can stand up and say that he knows more about the operations of this Act than the Minister of Finance and his organization do.

Mark you this, honourable senators, that there was a unanimous vote in the House of Commons in favour of placing responsibility for terminating this Act on the Governor in Council. Not a single elected representative in Parliament stood up in his place and demanded that the statute should cease to have effect after this year. We are here as part of our system of responsible and representative government. The primary function of this body, I often think, is to see that representative government is carried out. In these circumstances, can we say that we know more about this legislation than the elected representatives in Parliament, and than the responsible Government of the country? Are we prepared to stand up and tell the House of Commons what should be done with this legislation? In the end, what would happen? There is not a chance in a thousand of such a recommendation as is here proposed being accepted by the other House at this stage.

The honourable senator from King's (Hon. Mr. Hughes) asked if this amendment would interfere with the power of the Government to terminate the legislation before December 31. Technically, the answer that it would not interfere was right. But I want to sound a warning to my honourable friend. I know what I should do if I were the Minister. If Parliament said, "We are going to tie up your hands so that you will have to terminate the Act by the end of the year," I should say, "Well, I shall let it go to the end of the year." It seems to me that that would be the logical and practical view for any Government to take in these circumstances. If this amendment were adopted by both Houses, I cannot conceive that any Government would take the responsibility of cancelling the legislation before the year ended. So I predict that the passing of this amendment could be regarded as a practical guarantee that the statute would continue in force in Prince Edward Island until the end of this year.

For these reasons I respectfully suggest to the right honourable leader opposite and all honourable members of this House that it is not in the interest of the country at this time for us to place ourselves in the position of the judges of what should be done in these circumstances. Everybody knows how this Act came into force. We have heard from the right honourable leader opposite that he has changed his views. But the fact is that the operation of the Act is continuing. What would happen if this amendment were passed? There would be a bargain-counter rush in every eastern province and in British Columbia to get in under the Act before the end of the year. That is what would be substituted for progressive and sane handling of the whole matter by an organization responsible to Parliament, an organization which has the necessary equipment for obtaining information as to when it would be in the best interest of various parts of the country to terminate the Act.

Right Hon. Mr. MEIGHEN: I do not think the honourable senator from Vancouver South (Hon. Mr. Farris) needed to have

risen to such heights of eloquence and indignation in the treatment of this simple question.

Hon. Mr. FARRIS: Excuse me; I was not indignant.

Right Hon. Mr. MEIGHEN: Most of what he said did not impress me in the way that his speeches usually do. When I express my opinion in the Senate I do not assume that I know more than anybody else about the subject under discussion; I express only what I think.

Hon. Mr. FARRIS: Will my right honourable friend permit me to interrupt him? I did not wish to suggest that any senator took the view he knew more about this matter than anyone else did. The point I was trying to impress upon the House was this, that I thought the Government had better facilities for getting information and being enabled to pass judgment upon this matter than we had.

Right Hon. Mr. MEIGHEN: I understood the honourable gentleman to suggest, if not to state definitely, that in inserting the amendment we assumed we knew more about the operations of the Act than the Governor in Council did. I do not assume that at all. I am guided by my own opinion. Further, when I am a member of a committee, I do not regard myself as a juror who must give a verdict in accordance with evidence submitted. No. I am still a member of the Senate when I am on a committee. I listen to the views of other people and give them full consideration. But though those views may be 100 per cent opposed to mine, I am not called upon to surrender my opinion, as a juryman would be. I am often influenced by what I hear. But it is my duty to express my opinion at any given time.

Now, what should we do with this amendment? Is it a wise clause or is it not? I do not know that the institutions of the country will tremble in the balance, whether we decide yea or nay to this amendment. For myself, I have already said candidly that I was wrong with respect to this Act. I do not believe we ever should have passed it in the form we adopted. There was an emergent condition in only one part of Canada, and it would have been wise to confine the operations of this Act to that part.

Hon. Mr. BEAUBIEN: Hear, hear.

Right Hon. Mr. MEIGHEN: We did not. In that we were wrong. Why am I so convinced? Well, I have been living in Canada ever since the Act was put into force. I am in receipt of communications from all parts of the country. I believe I am as closely in touch with Western conditions as anyone living in the East is. I ought to be. My chief interests are still in the province of Manitoba, and in the agricultural sections. I have visitors from different parts of Ontario. I have received communications from farmers, from creditors, from land companies and I know not whom. I am thoroughly convinced that the general operation of the Act is deleterious from every standpoint, and it is particularly deleterious from the standpoint of the farmer himself.

It is true we passed the Act to try to improve the position of the farmer who needed to be helped, the man who was down and out and in danger of being treated with undue severity by his creditors. We passed it with the best intentions.

I think, though, that in many instances the morale of men of that type has been injured by this legislation. The man whose credit is injured is the good farmer, and especially the young farmer who is just setting out for himself. This Act is a threat to his credit every hour of the day. Nobody knows when he may make application to come under the Act, and, when he seeks to get credit, that is held against him. He may be as honest and as efficient a farmer as ever breathed, but all about him are the provisions of this law, and it is known that he can at any minute put his hand on the crank of that law and bring it into operation on his behalf. So his credit is impaired and undermined because of the very existence of the statute.

That is the main reason why I am opposed to the law and why I want it got rid of just as rapidly as possible.

Hon. Mr. MacARTHUR: Hear, hear.

Right Hon. Mr. MEIGHEN: Not one of the farmers with whom I am connected has invoked the law. I have dealt with these men myself; and I venture to say that the same course has been taken in a score of cases for every single case in which the law has been invoked. Now, having had that experience—and every other senator has had pretty much the same—I am not so sure that we ought on bended knees to crawl in the dust before the Governor in Council and say, "Thy will be done." That is not my attitude. I am not so sure that I do not know just as much as the members of Council do. I have seen many of the sources from which they get their information, and I must say I have not been impressed to the point of deification. I do not think the sources are very impressive.

Furthermore, I do not think the Act has been well administered. To be convinced of this fact one has only to look at the grotesque disparity in point of magnitude between the operations in Prince Edward Island and those in the two other Maritime Provinces. Reading the figures, one would think that the poor little island was just a home of poverty where everybody was "broke," whereas Nova Scotia was a centre of immense wealth where hardly anybody need resort to bankruptcy at all. Everybody knows that is far from the case. Prince Edward Island, man for man and all in all, is in just as happy a condition as Nova Scotia. But look at the results! Can anybody who compares those figures tell us the Act is well administered? It is not. The Governor in Council has witnessed the administration of the Act, and has done nothing. We have, let me admit, just this advantage over Council. Though just as wise as we are, they may not have as close contact with the working of this law. But they have to take into account other things, which fortunately, under the scheme of Confederation, we do not have to consider. I am afraid they are taking more account of those things than they are of the essential, solid things that go to the making of this Canada.

I shall be very brief in my further remarks, for I think we have already over-discussed the matter.

I adhere to the view which I held when I entered the committee. With that view, though it was not expressed by the representatives of the mortgage companies, I do not think there is the slightest disagreement on their part, and I have pretty good reason for saying so. It is true they do not want to come asking for certain things. If they can avoid doing so, they will. But does anybody suggest they would not have come to us and said, "For goodness' sake do not repeal this Act in all the rest of Canada on January next," if that were the way they felt? They do not feel that way at all. However, we are not governed by their view. We are being guided by the application of all the intelligence, endorsed and supported by all the experience, we have. And, so endorsed and supported and guided, I am going to support the Bill as it is and vote against the amendment now proposed.

Some Hon. SENATORS: Question!

Hon. JOHN A. MACDONALD: Honourable members, I have a few remarks to make, especially in view of the statement regarding the ability of this House to have a proper point of view on a matter of this kind. I am one of those who assisted in putting the original Act through Parliament in the hope that it would benefit our farmers. One of the arguments then used was that business men can invoke the Bankruptcy Act to get their obligations adjusted; the farmers have no such recourse. This Act was passed to provide a means of adjustment for bankrupt farmers. I know of cases where farmers with $2 of assets to $1 of liabilities have applied to a board of review, and their case has been considered and an adjustment made. Was that carrying out the purpose of the Act?

At the outset my idea was that if you give a farmer in financial difficulties a chance to recover by having his position reviewed as provided under the Act, you are going to give him fresh courage and ambition and so keep him on his farm. But the Act has not worked out that way.

It has been stated that this branch of Parliament cannot possibly have a proper view of the matter as compared with the honourable Minister of Finance and the Governor in Council. What did we get in this House a few days ago? On May 25 the honourable leader of the Senate read a memorandum which, amongst other things, described debt conditions in Prince Edward Island. This is the part to which I refer:

> Now as to Prince Edward Island. The debt situation of farmers in Prince Edward Island differs from that in almost every other province, in that the great proportion of these farmers' debts is to local merchants, who have taken mortgages on the farmers' property.

I have been in that line of business for forty-five years, and in all my experience I do not know of a single case where our firm or any other firm took a mortgage as security for a farmer's debt.

> Many of these mortgages have been in existence for several generations, the farmer turning his produce over to the merchants, who, in turn, sold him his supplies. These merchants are violently opposed to any change in an arrangement which, for many generations, has been extremely satisfactory to themselves, but not so satisfactory to the farmer.
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> Many cases of hardship have been reported in this connection. The following are two sample cases:
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> The creditor had been charging his debtors 10 per cent interest on his bills, taking cattle, grain or other produce, whether the debtor farmer could spare it or not, and is reported to have allowed these farmers only one-half of the value of such stock and produce as a credit on his bill.

Honourable members, in all my public life I have never heard a more ridiculous statement, nor one so utterly false.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. MACDONALD: It has no foundation whatever in fact. I do not blame the honourable leader on the other side (Hon. Mr. Dandurand) for that false and ridiculous statement, but I do want to say to the honourable member from Vancouver South (Hon. Mr. Farris), in answer to his statement, that this is the sort of so-called information which the honourable Minister of Finance and the Governor in Council will depend upon when they come to decide whether this Act shall be terminated or not.

What are the facts in that connection? At the present time 90 per cent of the farmers' produce is not sold to the merchants at all. The farmers need not sell $1 worth of their produce to the merchants, for the simple reason that they have all sorts of selling organizations of their own. The farmers are scarcely ever pressed by the merchants for payment of their debts. In fact they have been given too much leeway; the merchants have been too liberal to them. I repeat, the farmers are completely independent of the merchants in marketing their produce. They have live-stock shipping clubs to handle their cattle, hogs, sheep and lambs. They have also a potato growers' association to handle their potatoes, turnips and other vegetables. They have, further, a wholly co-operative organization to handle their dairy products. To say that the farmers have to sell their products to the merchants is false to begin with, and to state that the merchants get those products at half price is worse still. The merchants and farmers constitute a large portion of the population of Prince Edward Island, and to make such a baseless statement is to slander them. I felt it my duty to make these few remarks to show how false that statement is, and how it libels a large part of the population of the province. Yet it has been put upon Hansard and vouched for by the leader of the House, and, I presume, governs the actions, the attitude, and the policy of the Governor in Council in regard to this matter

At 6 o'clock the Senate took recess.

The Senate resumed at 8 p.m.

Hon. Mr. MACDONALD (continuing): Honourable senators, I tried to conclude my remarks before 6 o'clock, but did not quite succeed. There is just about one sentence that I should like to add to explain why I feel rather strongly about the statement placed before this House—a statement for which the man in charge of the Farmers' Creditors Arrangement Act is responsible. Just one inference can be taken from that statement, namely, that a great body of the population in Prince Edward Island, consisting of business men, general merchants and farmers, are knaves and fools. I resent that statement very strongly, and that is my chief reason for speaking before this honourable body this evening.

Hon. J. E. SINCLAIR: Honourable members, during the earlier stages of this debate it was not my intention to take part; not that I agreed with all that was said. However, since there has been so much discussion in this House and in the committee of the way in which the Act has been administered in the province of Prince Edward Island, and since several honourable senators from other provinces have cited it as a reason why something should be done, I felt it my duty to describe what I believe to be the condition there regarding the administration of the Act by the board of review and by the official receivers under the supervision of the Director at Ottawa. I wish to give a true picture of the facts in Prince Edward Island, and to show honourable members of this House that the situation there is not such as has been painted by honourable members from that province who have addressed this House. I hear a good deal about what is going on, and have as good an opportunity as any other honourable member of this House to know what is happening. When I listen to attacks made upon the administration of the Act, and hear the statement that the Act is injuring the credit of the farmers, I feel it is only right that I should describe what I believe to be the true situation and express my opinion respecting the need of continuing the Act.

I base my remarks on the amendment we are now considering, the clause which calls for the discontinuance of the Act at the end of the year. I think that any such action would be a mistake. I think it is fair and right that discretion should be left with the Governor in Council to say when the Act shall be discontinued in any province in Canada. I think it would be unfair to the farmers of this country who find themselves in an insolvent condition to fix a date for the discontinuance of the Act.

Honourable members know that under the Act as it now stands, and as it has stood since it was first introduced in 1934, it was provided that no bills incurred by farmers after 1935 were to come under the Act unless the creditor himself so desired when application was made to the board. That provision of itself means that in the course of a few years the Act will become inoperative.

I may recall to honourable members the fact that during the debate this afternoon,

and also in the committee, reference was made by different honourable senators to the number of applications to the official receivers and the boards of review in Prince Edward Island. It is possible that similar statements could have been made with respect to the other provinces.

When the Act was introduced in Parliament it was presented as a companion Act to the Farm Loan Act. Perhaps I shall be permitted to quote from Hansard of the House of Commons what the Prime Minister of the day, Mr. Bennett, said in introducing the measure. This will be found on page 3640 of Hansard of 1934. I shall read, not the whole of what he said on that occasion, but only that part which refers to the point I have brought up. It is as follows:

> Now, supplementary to the legislation which I have mentioned—

That is the Farmers' Creditors Arrangement Act.

> —there is provided a Farm Loan Act, that is, an amendment to the existing legislation which, while it has not been accepted by all the provinces, is in force in many of them. We propose to make some necessary administrative amendments which our experience has taught should be made, and further to authorize the loan of a somewhat larger sum than that provided for by the Act, the limit being $7,500, and instead of fixing the amount of the mortgage at fifty per cent to provide for a lesser margin of safety and increase the amount of the mortgage to sixty per cent.
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> In addition to that it will be observed by many of those honourable members now listening to me that after we have done all these things it is quite obvious that the unfortunate insolvent might not then be in any position to go forward, because he would have no money with which to undertake his work. We therefore propose that the Farm Loan Board shall be authorized, by way of what would amount to a second mortgage, to advance a limited sum, which is mentioned in the Act—and a matter which may be considered in committee—to enable a person to provide himself with seed, implements or whatever may be necessary to enable him once more to engage successfully in his vocation. And he may make a charge on his personal property, also, as additional security, if so desired.
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> Roughly, therefore, with the amendments proposed to the Farm Loan Act supplementing the provisions of the legislation which we suggest, we believe that we shall have provided at least some measure of relief to those who are the mainstay and the backbone of any country such as ours.

That was the statement of the Prime Minister when he introduced this legislation in the other House, and it was carried throughout the country in the press, and appeared in the newspaper headlines. I could read other extracts from speeches made in the other House by the Prime Minister, but I think that what I have read is sufficient to convey the information that I now wish to give to the House. It was with that explanation that the Act was brought into force, and when the first official receivers were appointed in our province they were of the opinion, and actually advised applicants who came before them, that those were the conditions under which the Act was operating. With that groundwork, and with the official receivers acting on such an understanding—I would not say on instructions—it is not surprising that in the first year of the operation of the Act a very large number of applicants came before the official receivers.

I think the records show that from the time the Act came into force up to the end of the last fiscal year about 4,400 applications had been made in the province of Prince Edward Island, and of those only about 1,100 had been acted upon by the officers administering the law. Honourable members who have been surprised at the number of applications can readily see that there was a misunderstanding on the part of the press, of the people and of the official receivers, as a result of which encouragement was given to farmers to take advantage of the Act. In many cases their only desire was to reduce interest on their mortgages or loans, and after they found out the intent of the legislation they went no further. Our people were encouraged to look upon this statute as a sort of stepping-stone to the Farm Loan Act. But it did not work out that way. Honourable senators will remember that it was found impossible to make the Farm Loan Act complementary to the Farmers' Creditors Arrangement Act. Nevertheless, statements were sent out to our people that encouraged them to make applications to the official receivers. I could quote the Prime Minister of the day, who said that in every case the benefit of any doubt as between a farmer and his creditor was to be given to the farmer.

There is another point that I wish to make clear. Some honourable members stated in committee a day or so ago that a farmer whose assets were greater than his liabilities could not be considered insolvent, that he had no right to come under the Act, and that the official receivers and board of review should not accept him as an applicant. Well, I should like to quote from a statement made by the then Prime Minister when he introduced the Bill in another place. This is what he said on June 11, 1934, as reported at page 3850 of the House of Commons Hansard:

What is proposed now is the adoption of the general principle of the Bankruptcy Act. A farmer who is unable to meet his liabilities as they become due may make a proposal for a composition, an extension of time or a scheme of arrangement, either before or after assignment has been made.

And further on in the same address he said:

This proposal is to take care of the farmer who is not in a position to meet his obligations. Instead of assigning or taking the benefits of the Bankruptcy Act, if its provisions were extended to him, he suggests to his creditors that if he is given an extension of time he may be able to work out his liabilities.

So the interpretation of insolvency as applied to a farmer—and this is borne out by the Act itself—is that the farmer is not able to meet his liabilities when they become due. I think our official receivers and board of review in Prince Edward Island have not interpreted the Act quite so liberally as that. That is to say, even though a farmer was not able to meet his liabilities when they became due, if he was not being pressed to make payment or settlement he was not encouraged to come under the Act.

The board of review was criticized as being too generous in the making of reductions in liabilities. The board has a duty to perform under the Act. Again I quote from the speech made by the Prime Minister of the day when he was sponsoring this Bill. At page 3856 of the House of Commons Hansard for 1934, he said:

This Act seeks to secure for the farmer the benefits of that principle—

That is the bankruptcy principle.

—set up by machinery that will run easily and without expense to the farmer. But if he makes what I might call a too optimistic adjustment and fails to carry it out then, under this statute, he becomes liable to be adjudicated a bankrupt, because that is to constitute an act of bankruptcy.

It is incumbent upon the official receivers and board of review, when formulating a proposal for those who make application under the Act, to deal fairly with the debtor and his creditors. If they fix his obligations at a figure higher than he is able to live up to, they place him in a position where he faces certain bankruptcy. Their duty is to make a decision as fairly as it possibly can be made. From my experience and the information that I have as to Prince Edward Island I can say that, apart from the misunderstandings which occurred at the inception of the Act, the official receivers and the board of review have conducted themselves in a creditable manner. They have been fair to parties on both sides.

In an occasional case, despite the arrangement that was made, the farmer has gone into bankruptcy, but in the great majority of cases farmers have been enabled to come through safely.

I may say that the Act was proclaimed in force in Manitoba, Saskatchewan and Alberta on September 1, 1934, in Ontario and Quebec on October 1 of the same year, and in Prince Edward Island, New Brunswick and Nova Scotia on November 1.

It may not be out of place for me to cite a few facts about procedure under the Act. When a farmer approaches an official receiver and asks for an arrangement of his debts, he must make an affidavit, under oath, setting out his financial position, what money he owes, what land and stock he possesses, and so on. A statement must be made of all his affairs. He must also declare, in the same affidavit, that he is unable to meet his liabilities and is in an insolvent position. Until that is done the official receiver has no authority to make any proposal in the case. When the application comes to the official receiver he sends by registered mail a notice to every one of the farmer's creditors, calling them to a meeting. This notice must be sent out at least fifteen days in advance of the date set for the meeting. All the facts contained in the affidavit are set out in a statement that accompanies this notice, so that every creditor knows the basis for the making of the application.

The creditor has the right, under this Act, to apply to a county court judge for a stay of procedings before the official receiver, and for the hearing of argument to show that the applicant is solvent and therefore not entitled to the benefits of the Act. That provision has been part of the Act from the beginning, and it was drawn to the attention of creditors in Prince Edward Island by the administrator, shortly after the Act went into force, when he came down from Ottawa to hear complaints that had been made. Nevertheless, the creditors who made the loudest noise have not availed themselves of the provision, except in one or two instances. I know of only two applications to a judge for a stay of proceedings, and these applications were not granted There may possibly have been two or three additional applications.

In view of the time that has been taken up in airing the grievances of Prince Edward Island, I think it is well to have before us a perspective of the whole situation throughout Canada.

Hon. Mr. MacARTHUR: Hear, hear.

Hon. Mr. SINCLAIR: In the whole of Canada 150,782 farmers had interviewed official receivers up to March 31 of this year. Of that number, 33,640 submitted proposals and 28,565 settlements were effected. I have before me a compilation made by officials of the Department of Finance, which shows that up to December 1, 1937, 26,365 settlements had been effected. Of these, 10,707 settlements were effected by official receivers and 15,658 by boards of review. The average debt per case was $6,004.60. The average reduction was $1,903.64, or 31·69 per cent. A distinction is made as to secured debts and unsecured debts. The average reduction of secured debts was 29·93 per cent, and of unsecured debts 44·55 per cent.

In the fiscal year ending March 31, 1937, the number of farmers who approached official receivers for arrangement of their debts was 23,118. Of this number, 8,180 had their cases heard and disposed of: 2,404 by voluntary settlements effected by official receivers, and 5,776 by boards of review. In the last fiscal year 19,272 farmers approached official receivers for an arrangement. Of these, 9,374 had their cases heard and disposed of: 4,017 by voluntary settlements effected by official receivers, and 5,357 by boards of review.

Now let me give the figures for Prince Edward Island. I think that when these are made clear honourable members will agree that there is no justification for the extreme statements that have been made by representatives of that province. From the inception of the Act to March 31, 1938, the number of requests forwarded to the board of review in Prince Edward Island was 727. Of these, 720 were dealt with, leaving 7 still to be heard. In the last fiscal year 154 requests were forwarded to the board of review and 158 cases were dealt with by that board. From the time the Act came into force until March 31 of this year official receivers in Prince Edward Island were approached for arrangement of debts by 4,426 farmers. The number of proposals submitted was only 1,154. Settlements effected under the Act were 399, while 197 settlements were made by compromise between the parties through intercession of official receivers, for which intercession they received no fee.

To show the progress made under this Act in Prince Edward Island for the last two full years—in the year ending March 31, 1937, 650 farmers interviewed official receivers, and in consequence 397 proposals were submitted. Seventy-nine settlements were effected by official receivers, the remaining 318 going to the board of review. In the fiscal year ending March 31, 1938, only 399 farmers interviewed the official receivers (or a decrease of 38 per cent from 1937), and as a result 211 proposals were submitted. One hundred and sixty-three of these were settled by official receivers and the remaining 48 were referred to the board of review. These figures show that in the year 1937 20 per cent of the proposals submitted were settled by official receivers, while in 1938 there were thus settled 76 per cent of the proposals submitted, the cost of administration being greatly lessened.

When the official receiver settles a case without a proposal being made he gets no fee. If he has to call a meeting of the creditors to submit a proposal and so bring about a settlement he gets $30. If he has to pass the proposal on to a board of review he gets only $15.

Hon. Mr. MacARTHUR: He gets $20.

Hon. Mr. SINCLAIR: If he is able to settle a case at a cost of $30, that means a saving in the administration of the Act of between $35 and $40 per case. With the development of the work during the past year the official receivers, on a percentage basis, were able to settle in our province nearly three times as many cases as they did the preceding year.

Now I want to make a comparison with the other provinces. From the beginning of the operation of this Act to December 1, 1937, the last date for which tables have been compiled by the Government, in Prince Edward Island 384 cases have been disposed of by official receivers and 692 by the board of review. Comparing this with the other provinces, we find that from the inception of the Act to December 31, 1937, which, as I have already mentioned, is the latest date for which these tables have been compiled, in the province of Manitoba 3,157 cases were disposed of, with an average debt per case of $7,089.27 and a total debt reduction of 42·28 per cent. In Alberta 3,297 cases were disposed of, with an average debt per case of $8,949.15 and a total debt reduction of 35·12 per cent. In Nova Scotia—we have heard a lot about Nova Scotia both in the committee and in the House—

Hon. Mr. MacARTHUR: You may hear still more.

Hon. Mr. SINCLAIR: In Nova Scotia 148 cases were disposed of, with an average debt per case of $5,394.45 and a total debt reduction of 34·09 per cent; in Saskatchewan 4,659 cases with an average debt per case of $9,281.79 and a total debt reduction of 33·68 per cent; in New Brunswick 939 cases with an average

debt per case of $1,679.44 and a total debt reduction of 30·42 per cent; in Ontario 7,372 cases with an average debt per case of $4,742.35 and a total debt reduction of 26·51 per cent; in Prince Edward Island 1,076 cases with an average debt per case of $2,774.20 and a total debt reduction of 24·61 per cent; in Quebec 5,094 cases with an average debt per case of $3,775.06 and a total debt reduction 16·24 per cent.

It is interesting to note in the debt reductions in the different provinces that, apart from Quebec, Prince Edward Island has the lowest debt reduction of any province in the Dominion.

Hon. Mr. MacARTHUR: Small farms.

Hon. Mr. SINCLAIR: My honourable friend says "small farms." If he will look at the average debt per case he will find that for New Brunswick it is $1,600 odd and for Prince Edward Island $2,700 odd. So if our farms are smaller they must be worth a great deal more.

There is good reason why the debt reduction in the province of Quebec should be lower than in any other province. There the Provincial Government has established a Farm Loan Board, and the representative of that board sits in at the meetings of the board of review, and when an amicable adjustment is arrived at he advances to the farmer sufficient money to pay his liability, which, I am informed, in many instances exceeds 75 per cent of the value of the property. They give him that money at 2½ per cent. I should say the loan is amortized on a 39-year plan at 4 per cent per annum. The Quebec Farm Loan Board has paid out $3,000,000 of provincial funds to the farmers under that plan, in co-operation with the board of review under this Act. I think honourable members who were in close touch with conditions when this Act was first introduced will remember that at the outset it was contended that the same principle which is now in force in the province of Quebec would be applied by a Farm Loan Board in all the provinces.

I would point out further that in making the reductions the board of review in Prince Edward Island has in no case reduced the principal money on any secured debt without the consent of the creditor, except where the secured debt has been obtained by a merchant selling goods to a farmer over a period of years without an accounting, charging 8 to 10 per cent interest, compounded annually, and then getting a mortgage to cover the debt. In that case, I understand, the board did take the liberty of reducing the overdue mortgage interest. Almost invariably it has reduced the mortgage interest to 5 per cent, and in many cases extended the time, to the benefit perhaps of the unsecured creditors; that is, by requiring the applicant to pay his interest on his secured loan and a portion on the unsecured loans each year for a period of years before having to pay the principal on his secured loan.

As a result of that policy in Prince Edward Island the reduction of secured loans has been 11·15 per cent; in Nova Scotia 29·40 per cent; in New Brunswick 28·25 per cent; in Quebec 13·38 per cent; in Ontario 24·13 per cent; in Manitoba 38·57 per cent; in Saskatchewan 33·11 per cent; in Alberta 36 per cent; in British Columbia 35·29 per cent; or an average for all of Canada of 29·93 per cent.

I think it can be fairly said that the administration of the Act in Prince Edward Island has been carried on with fairness to secured creditors and as far as possible also to the farmer debtors.

Several honourable senators have severely criticized the cost of administration of the Act in Prince Edward Island. The explanation is that the condition in Prince Edward Island is different from what it is in almost all the other provinces. We have, as well as secured loans against farmers who have taken advantage of the Act, many small creditors—merchants, dealers of all kinds, men who have advanced money on notes and such like—and it is not uncommon to have from five to ten unsecured creditors attend each meeting of the board of review. Some of these creditors have a lawyer to represent them, and where the board sits down to hear representations from one secured creditor and ten or eleven unsecured creditors, the case cannot be disposed of in a few minutes. Very rarely are there fewer than six unsecured creditors to each debtor, and in some cases they number from twelve to fifteen. In those circumstances the board of review must consider the position of every creditor, and it does well if it disposes of six or seven cases each day. I am told by the administrator of the Act that in the other provinces there are not so many unsecured creditors in each case, and that usually the principal creditor is a secured one. Statistics show that for Canada generally the average amount of unsecured debt per loan is less than $200, while in Prince Edward Island it amounts to $700. That is one reason why it takes more time to review cases and adds considerably to the cost there.

I may remind honourable members that when this Act was introduced the Prime Minister stated the intention was to have

adjustments made without expense to the farmer. Up to the present time in Prince Edward Island the total expense has been $82,354. Nearly 1,100 cases were dealt with. Anyone who is conversant with the costs of foreclosure proceedings knows that they are charged against the land, and that the farmer will in the end have to bear the expense. In Prince Edward Island the costs of foreclosure run to about $250. If there were foreclosure in only half the cases, honourable members can readily see how much it would cost the farmers. It would be greater than one-half the amount of reduction made in the case of unsecured creditors. Furthermore, in the event of foreclosure the unsecured creditors would get little or nothing from the estate. I am sure that so far as Prince Edward Island is concerned the Act has been a greater benefit to unsecured creditors than to any other class of creditors. Under the operation of the Act they have received payment on accounts that otherwise would have been absolutely valueless. I could quote many creditors who have appeared before the board time and again and expressed themselves as well satisfied with the Act.

Individual cases have been referred to, both this year and last, in the discussion of the Act. I do not think that we can get very far by basing our opinions on certain cases. I could read affidavits that I have under my hand to show that many of the statements made in this Chamber have not been based on the facts put on record by applicants before the board of review. I think it is unfair to make those references. I do not think we shall improve the situation by going into them. I did ask some honourable members before the committee to give us their authority for the statements they were making, but they declined. The statements were not threshed out there, and I think very little benefit would accrue from bringing them up here. In a statement made before the committee the Director of the Farmers' Creditors Arrangement Act was accused of making a false return; and I think that statement was repeated by the honourable member from King's (Hon. Mr. Hughes) this afternoon. Now I want to say to the House, in fairness to the Department of Finance and the officers of that department, that the return which was made stated clearly that certain cases mentioned were simply examples, and that there were many others of the same kind in the province of Prince Edward Island.

Hon. Mr. HUGHES: What senator is the honourable member referring to? There happen to be two of us.

Hon. Mr. SINCLAIR: Does the honourable gentleman refer to what was said in the House or in the committee?

Hon. Mr. HUGHES: I am referring to what you are saying.

Hon. Mr. SINCLAIR: I may say to the honourable gentleman that two senators made the statement, one in the committee and the other in the House.

Hon. Mr. HUGHES: What statement was it?

Hon. Mr. SINCLAIR: I think it is unfair to go into individual cases, but I want to say that the Director's statement was correct. If the honourable senators who have been branding it as incorrect had desired when the committee was sitting, they could have had information from the Director. In declaring in the House afterwards that the statement was false, without having taken the opportunity of securing the information, the honourable gentlemen were going entirely too far. From the information I have had, both in Prince Edward Island and here, I am quite justified in saying that the statement of the Director of the Farmers' Creditors Arrangement Act is a fair and true statement, and representative of the cases he mentioned.

Hon. Mr. HUGHES: Does the honourable gentleman refer to the memorandum read by the honourable leader on this side of the House?

Hon. Mr. SINCLAIR: I am referring to the quotation made in the committee.

Hon. Mr. HUGHES: Are you referring to the memorandum? I want to get down to particulars.

Hon. Mr. SINCLAIR: I have the statement here, if the honourable gentleman is anxious for it. I am glad indeed that he wants to get down to the papers. I have the exact statement here.

Hon. Mr. MacARTHUR: I will give it to you.

Hon. Mr. SINCLAIR: The statement read as follows:

> Many cases of hardship have been reported in this connection. The following are two sample cases.

Then the cases were mentioned. That is the statement I refer to. If I understand aright, it is in connection with the sample cases mentioned that the veracity of the Director was questioned. If I am not correct, I shall be glad to be contradicted.

Hon. Mr. HUGHES: Do you endorse that statement?

Hon. Mr. SINCLAIR: Do I endorse the statement made in regard to the two cases?

Hon. Mr. HUGHES: The statement referring to Prince Edward Island which was prepared by the Director in Ottawa and read by the honourable the leader of the House.

Hon. Mr. SINCLAIR: I do endorse it, and I know it is correct. If the honourable gentleman wishes to know what cases were referred to, I can tell him. He knows the people. They live in his own locality. The name of one applicant is Mrs. Bridget Courts, of Cardigan Head, and the other is Walter Sullivan, of Greenfield.

Hon. Mr. HUGHES: Are they merchants or farmers?

Hon. Mr. SINCLAIR: They are applicants under the Act, and if my honourable friend wants to know who the trader is that—

Hon. Mr. MacARTHUR: Gave half price?

Hon. Mr. SINCLAIR: —that got the mortgage, it was Michael J. Power. My honourable friend knows him quite well; and if he had wished to get that information before the committee prior to accusing the Director of falsehood, he had an opportunity to do so. I can go further than that if my honourable friend is still anxious for accuracy.

Hon. Mr. HUGHES: I know Michael. I do not know the others at all.

Hon. Mr. SINCLAIR: Now, just let us examine the statements of those who are so ready to impeach the accuracy of others. My honourable friend who has interrupted me, and who was one who threw out this unfair challenge to the committee, made a statement in this House last year, which I quote from Hansard of 1937. There are several cases cited here, but it does not matter very much which I take. I do not think I will bother the House with all of them. First I will take a case in the summer of 1935:

In the summer of 1935, Peter D. Peters, of Rollo Bay, made application to the Farm Loan Board for a loan. His application was turned down. No reason was given, so far as I know. I knew a mistake had been made, and I so informed Mr. J. D. MacLean, the commissioner in Ottawa. He admitted they were not mistake proof, and said he would have another appraisal made in the summer of 1936 by one of his best men. This was done and Mr. Peters was offered a loan of $2,500. This together with what he could easily sell of his farm last fall would more than pay all his bills in full. In the summer of 1936 the new board of review, being keen for business, and hearing by some means or other that Mr. Peters wanted a loan, or wanted to have his obligations adjusted, cited him and his creditors before them. I was one of the creditors and I appeared and asked the board whether Mr. Peters had made any application to them. Their registrar not being with them that day, they could not tell, but thought they would hear the case anyhow. I then told them that Mr. Peters was both able and willing to pay his creditors in full, and did not want their interference at all. The chairman, Judge Saunders, asked Mr. Peters what he had to say. He declared he was able to pay his bills in full all right, but stated that if everybody else was getting a cut he thought he should get one too. Judge Saunders seemed inclined to agree with me, but Mr. Harding, the commissioner who represented the creditors on the board, strongly dissented, saying that inasmuch as they had come to Souris to hear this case they were going to hear it. Finally Judge Saunders agreed with Harding, and their decision was that Mr. Peters should sell $200 worth of produce off his farm, not more, and that the creditors would have to accept this amount together with the $2,450, or thereabouts, which the Loan Board would provide as payment in full. And —would you believe it?—the board of review made this finding without ascertaining what Mr. Peters' liabilities then amounted to.

Take notice of that.

After thinking the matter over, and talking it over with his creditors, Mr. Peters decided to disregard the board of review altogether and pay his obligations in full; which he did.

That is the statement, honourable gentlemen, made in this House last year about that case.

Now, I have in my hand a memorandum of the Department of Finance which was sent to the honourable member in charge of the Bill (Hon. Mr. Farris). This is what it says:

I need only quote from Judge Saunders' report on the Peter D. Peters case to indicate where the misrepresentation that Senator Hughes charges lies:

"Peter D. Peters' story to the board was that Senator Hughes was pressing him for payment and while he was both anxious and willing to do so, he was unable to pay him. Senator Hughes' statement that the board made its findings without ascertaining what Mr. Peters' liabilities amounted to is untrue."

The quotation is from the report of the chairman of the board of review.

Now I quote from a memorandum of the Director, signed by H. F. Gordon:

Whether subsequent to the submission of his proposal Peters made preferential payments to certain of his creditors is aside from the issue. He would be naturally instructed by the board that such payments should not be made during the stay of proceedings. The honourable senator misled the Senate with regard to this case.

Now, I could take up further cases.

Hon. Mr. HUGHES: Who made that statement?

Hon. Mr. SINCLAIR: That statement is made over the signature of the Director of the Farmers' Creditors Arrangement Act,

and refers to the statement made by the honourable gentleman (Hon. Mr. Hughes) in the Senate last year.

Now, there are other cases here, but I will not weary the House by going over them. I will say this, however, that I am informed by the Director that before those statements were put on Hansard last year by the honourable senator from King's (Hon. Mr. Hughes), the honourable senator met the Director in the office of the Minister of Finance; that the Minister instructed the Director to take the senator to his office and go into these cases and point out the facts in regard to them. I am informed also that he did so, and that after having done so the honourable gentleman expressed his satisfaction and said that he had been misinformed. The Director then asked the honourable gentleman to say so to the Deputy Minister, and in the presence of the Deputy Minister and the Director the statement was repeated after the cases had been gone into fully, and after the honourable gentleman had seen the affidavits, the statement of liabilities of the debt, the conditions, and the proposals made under them. The honourable gentleman came into this House the next day, or the day after, and repeated the statements that appear on Hansard, although these matters had been explained to him in the department and he had admitted in the presence of those two men that his informant was wrong and that he regretted having brought the matter up.

An Hon. SENATOR: Question!

Hon. Mr. SINCLAIR: Now, honourable gentlemen, I say it is unfair to our province and to Canada to go to such lengths in order to try to discredit an Act. To know that men will so use their position in Parliament to further selfish ends—

Hon. Mr. HUGHES: Hear, hear.

Hon. Mr. SINCLAIR: I will not go further than that. That is far enough, honourable gentlemen. I just want to say in conclusion that I feel and believe that the Act is administered in Prince Edward Island as well as in any other province.

In regard to the discussion this afternoon on privity of contract, the chairman of the board in Prince Edward Island took the view that, on account of there not being privity of contract, the Act did not give the board power to do what was done by many other boards of review, namely, to take a third person. While proposals were formulated, they have not been confirmed by the board, and are yet standing. If this Bill goes through the proposals may be confirmed. That is a matter for the board to decide. Now I think I have said enough.

Hon. Mr. HUGHES: Too much.

Hon. Mr. SINCLAIR: I know the learned judge who administers the Act. I do not think you could get a man on the Bench or at the Bar in Prince Edward Island who would give as freely of his time and ability as Mr. Justice Saunders has done, or who would be more careful to do justice to everybody than the present chairman of the board of review in that province.

I really feel, honourable senators, that it is unfortunate that so much time has been taken with these details.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. SINCLAIR: Had it not been that honourable members from other provinces were citing Prince Edward Island as an example of maladministration, I should not have spoken at all. I say to my honourable friends with all frankness that the storm they are making in this House is simply a tempest in a teapot, and that it really has little or no effect within the confines of the Island. I do not know that I need say anything more.

Some Hon. SENATORS: Hear, hear.

Hon. DONALD SUTHERLAND: Honourable senators, it was not my intention to take part in this debate, but in view of the day and of the celebration which is going on outside this building, I am afraid that if it were known by the people of Canada that we are here to-night debating such a subject as this, it would not raise us in their estimation.

This Farmers' Creditors Arrangement Act, which was passed some four years ago, could have been dealt with prior to this. It was well known from the outset that it was not doing what the movers of it had in view. I believe that their intentions were good, and that they were seeking to provide a remedy for a trouble which existed in this country. But it has not come up to their expectations. It has absolutely failed. Furthermore, it has injured the people much more than it has benefited them.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. SUTHERLAND: We have listened for a considerable period to the honourable member from Prince Edward Island who has just resumed his seat. I know that the trouble that has been referred to as prevailing in Prince Edward Island prevails in other provinces also.

There was some cause for this legislation. Something was wrong. I do not wish to blame the Government for having made an error. We all make mistakes. But I believe that instead of assisting the farmers or improving their credit, the Act has had the very opposite effect. I know that it is very difficult for a farmer in the province of Ontario to obtain a mortgage on land to-day. Farm lands are at least 50 per cent lower in value than they were thirty-five or forty years ago. That is a strange condition of affairs. The malady has been in existence for some time. The Government says it has been endeavouring to provide a remedy, but what it has done has had a most disastrous effect.

We have in years gone by passed legislation of various kinds with a view to improving the condition of certain classes. For twenty-five years or more we have had in this country class legislation, which has created difficulties that people outside the classes find it almost impossible to overcome. I believe that nothing has contributed more towards the distress now prevailing in our agricultural districts than the fixing of hours of labour and minimum wages in towns and cities.

An Hon. SENATOR: Hear, hear.

Hon. Mr. SUTHERLAND: Under present conditions it is absolutely impossible for farmers to carry on their business at a profit. It is true that there are many well-to-do farmers, men who have accumulated considerable property. But they are fixtures; they cannot dispose of what they have, and they are simply carrying on. We have tens of thousands of people on relief, who could be employed on the land if it were not for the restrictions that have been placed upon them by the Government of this country. We may as well face the situation as it is. You reduce the liability of the mortgagor, but you destroy his credit. There used to be many people in this country who were glad to lend money on the security of farms. I am speaking not of the big loan corporations, but of private individuals with means. This is no longer the case. Farmers are in distress, and their credit is at a lower ebb than it ever was before. Yet we continue to pass legislation fixing minimum wages and maximum hours of labour, and we spend a lot of time talking about amalgamation or unification of the railways that have become a burden on the country. The fact is that we do not know the way out of the present situation. It is indeed a serious situation. I think, honourable members, that the sooner this Act passes into oblivion the better it will be for all concerned.

Hon. Mr. MacARTHUR: Hear, hear.

Hon. Mr. SUTHERLAND: It is a handicap on agriculture in this country. It has entirely destroyed the credit of many worthy and well-deserving people.

Right Hon. Mr. MEIGHEN: Hear, hear.

Hon. Mr. SUTHERLAND: It is time that we awoke to the seriousness of passing legislation giving certain classes preferences which react against the industrial workers. I use that term "industrial workers" advisedly, for if ever there was a class in this country entitled to be called industrialists, it is the agricultural class. There are no people in Canada to-day who are working longer hours and for less remuneration than those who are engaged in agriculture.

I did not intend to take any part in this debate. But I feel resentful that we are confined in here to-night when we ought to be showing our loyalty and appreciation towards His Majesty the King by taking part in the celebration that is going on outside this building to-night. I regret very much that we cannot take part in that celebration. I do not believe that our failure to observe the day differently is at all to the credit of Parliament.

Some Hon. SENATORS: Hear, hear.

Hon. J. J. HUGHES: Honourable senators, I wish to make some remarks, but if the honourable leader desires me to adjourn the debate, I will do so.

Hon. Mr. DANDURAND: If the discussion on this matter is to continue, I suggest that it go on now.

Hon. Mr. HUGHES: The honourable senator from Queen's (Hon. Mr. Sinclair) stated, as I understood him, that in Prince Edward Island the greatest rush of business under this Act occurred in the first year or two that the Act was in operation. The reports submitted by the administrator at Ottawa, and laid on the tables of both Houses of Parliament, do not bear out that statement. My honourable friend's remarks seemed to be contradictory in some respects. He stated that the secured creditors in Prince Edward Island suffered very small reductions, and that the law had operated to the benefit of unsecured creditors as well. I am relying for my information upon the official reports made by the administrator of the Act, rather than upon hearsay. Very few copies of those reports were distributed; so I think it would be worth while to quote some figures from them. They are very illuminating. The honourable senator from Queen's said that the administration of the Act in Prince Edward Island had been satisfactory. Well, I will leave that point to honourable members for decision.

I will quote figures to show a comparison between Prince Edward Island and the other Maritime Provinces, because among the three there is much in common. I have before me schedule 9 of the report that was given to the other House in January last. The heading is: "The Farmers' Creditors Arrangement Act, 1934. Summary of Expenditures for Fiscal Year—April 1, 1936, to March 31, 1937." The total expenditure in Prince Edward Island was $37,192.58; in Nova Scotia $4,958.76.

Hon. Mr. COPP: Is that the amount paid to officials?

Hon. Mr. HUGHES: To officials, for administration of the Act. The figure for New Brunswick was $26,164.22. In Prince Edward Island there are 12,055 farmers, in Nova Scotia 31,835 farmers, and in New Brunswick 37,037 farmers. Now I come to the travelling expenses. For Prince Edward Island they were, in that fiscal year, $1,325.23; for Nova Scotia $462.96, and for New Brunswick $1,373.69.

The next column is headed "Hotels."

Hon. Mr. MacARTHUR: They bought the hotels.

Hon. Mr. HUGHES: I do not suppose these men bought the hotels, but for their hotel expenses in Prince Edward Island that year they were paid $3,530. This compares with $379.10 for Nova Scotia and $3,213.05 for New Brunswick. Now, I suppose these officials did not visit all the hotels in Prince Edward Island; it is likely that they patronized only three or four. I know it will be news to the managers of those hotels that the officials administering this Act paid them in that year $3,530.

Now, what do honourable members think was the amount spent for postage that year in Prince Edward Island? It was no less than $1,496.24. In Nova Scotia the amount was $232.96, and in New Brunswick $1,195.68.

Then we come to telephones and telegraphs. Under this heading the amount spent in Prince Edward Island was $72.54, as compared with $9.18 in Nova Scotia and $57.15 in New Brunswick.

Under "Miscellaneous"—whatever that was—there was spent in Prince Edward Island $6, in Nova Scotia 40 cents, and in New Brunswick $10.60.

The heaviest expenditure was for salaries and fees. For Prince Edward Island this figure was $30,189.35, for Nova Scotia, $3,755, and for New Brunswick $19,993.40.

The next column is headed "Rent." I do not know what that covers.

Hon. Mr. MacARTHUR: What rent would there be?

Hon. Mr. HUGHES: In any event, the sum spent for rent in Prince Edward Island that year was $277.50, while in Nova Scotia the expenditure was only $10, and in New Brunswick $120.

Apparently the very best of stationery was used. In Prince Edward Island $253.97 was spent on this item; in Nova Scotia $77.69, and in New Brunswick $81.08.

Then, under the heading of "Legal and Filing" the expenditures were: in Prince Edward Island $41.75, in Nova Scotia $31.47, and in New Brunswick $119.57.

The next schedule, No. 10, contains a breakdown of these figures. This statement is also interesting. For that fiscal year the allowance of the chairman in Prince Edward Island was $4,368.75—I ask honourable members to remember that this was for only one year, from April 1, 1936, to March 31, 1937—whereas the allowance paid to the chairman in Nova Scotia was only $437.50, and to the chairman in New Brunswick $2,918.75.

Then the commissioners' fees—these, I presume, would be fees to the two assistant commissioners—were as follows: in Prince Edward Island $12,787.50, in Nova Scotia $1,072.50, and in New Brunswick $6,737.50. New Brunswick has three times as many farmers as Prince Edward Island, but only half the expenditure for commissioners' fees.

The salaries—this is under the heading of "Registrars"—were: in Prince Edward Island $2,400, in Nova Scotia $1,200, and in New Brunswick $2,400.

The Registrar's staff cost $1,750 in Prince Edward, but only $5 in Nova Scotia, and $1,051.42 in New Brunswick.

The fees paid to official receivers that year were: in Prince Edward Island $8,883.10, in Nova Scotia $1,040, and in New Brunswick $6,885.73.

There are a few more figures, but before I take them up I must not forget to refer to a letter from Judge Saunders, which was read in the Banking and Commerce Committee. The Judge accused the honourable senator from Prince (Hon. Mr. MacArthur) and myself of being actuated by personal spite. I want to say here and now I have no personal spite towards any man on earth.

Hon. Mr. MacARTHUR: I second that.

Hon. Mr. HUGHES: I try to do my duty aside from personal consideration, and I repeat that I have not the slightest spite towards Judge Saunders or any other man.

Next I come to schedule 11 of this report. It is a summary of expenditures since the inception of the Act, and the figures are worth placing on Hansard. As I stated at the beginning, the report does not bear out the contention of my honourable friend from Queen's (Hon. Mr. Sinclair) that the great rush of business under this Act occurred in the first year the law was in force. That is true as to some provinces, but not as to Prince Edward Island, to which he was referring. For the fiscal year 1935-36 the expenditure in Prince Edward Island was $21,616.20. That was the second year the Act was in existence. Next year, 1936-37, the expenditure had jumped to $37,192.58. We were getting into our stride then. Let us look at the figures for the other provinces. In Nova Scotia the 1935-36 expenditure was $9,393.58, and the following year the figure dropped to $4,958.76. Indeed, the expenditure fell in every province of Canada but Prince Edward Island. The decrease in New Brunswick was from $30,333.02 to $26,164.22; in Quebec from $134,313.43 to $89,430.27; in Ontario from $132,484.79 to $110,404.86; in Manitoba from $78,083.46 to $67,669.34; in Saskatchewan from $134,231.98 to $97,307.27; in Alberta from $110,194.39 to $80,289.08; in British Columbia from $31,015.40 to $15,792.48. Taking Canada as a whole, the reduction from 1935-36 to 1936-37 is about 25 per cent. The increase in Prince Edward Island in the same period is about 80 per cent, and yet my friend from Queen's says the Act was well administered. I shall have a little more to say about that.

While we were in the Banking and Commerce Committee the other day I asked the Director, Mr. Gordon, whose duty it is to check expenditures, whether he ever had occasion to check accounts that were too high, and he answered "Yes." Then I asked him if he ever got accounts that he considered too low and should increase, and he said that he did. The inference was, at all events, that in some of the provinces the administrators were so stupid that they did not know how to keep their own expense accounts and were cheating themselves—

Some Hon. SENATORS: Oh, oh.

Hon. Mr. HUGHES: —and he had to protect them.

So much for the costs of administration, but the subject is by no means exhausted. In fact, I have scratched only the surface of the question, and other members will perhaps go further into the matter. So much for the costs of the organization, which already amount to more than $2,000,000 for Canada,—

Hon. Mr. HUGHES.

Hon. Mr. MacARTHUR: They amount to $3,000,000.

Hon. Mr. HUGHES: My honourable friend says $3,000,000. They amount to more than $80,000 for Prince Edward Island. My honourable friend from Queen's said the figure was $82,000.

I shall now turn to another phase of the subject, namely, the memorandum read by the honourable leader of the House on the 25th ultimo—the part relating to Prince Edward Island, which the honourable member from Queen's said was all right. This is it:

> Now as to Prince Edward Island. The debt situation of farmers in Prince Edward Island differs from that in almost every other province, in that the great proportion of these farmers' debts is to local merchants, who have taken mortgages on the farmers' property.

The honourable senator from Queen's said that for one secured creditor there would be on the average five or six unsecured. But this memorandum says, "The great proportion of these farmers' debts is to local merchants, who have taken mortgages on the farmers' property." Both statements cannot be true. I submit this statement is not true.

The memorandum continues:

> Many of these mortgages have been in existence for several generations, the farmer turning his produce over to the merchants, who, in turn, sold him his supplies. These merchants are violently opposed to any change in an arrangement which, for many generations, has been extremely satisfactory to themselves, but not so satisfactory to the farmer.

The honourable senator from Queen's told us a few moments ago that the great majority of merchants in Prince Edward Island were satisfied.

Turning again to the memorandum:

> Many cases of hardship have been reported in this connection. The following are two sample cases:

Just samples.

> The creditor had been charging his debtors 10 per cent interest on his bills, taking cattle, grain or other produce, whether the debtor farmer could spare it or not, and is reported to have allowed these farmers only one-half of the value of such stock and produce as a credit on his bill.
>
> A woman owned a fair farm and provided a living for her son, his wife and a family of ten children. She owed a mortgage of $650 at 7 per cent interest, and with $32 interest only due, the mortgagee instituted foreclosure proceedings.

There may have been such a case on Prince Edward Island, but if so the creditor was a brother farmer.

> These cases were adjusted by the Prince Edward Island board of review to the dissatisfaction of the creditors.

We have in these two or three short paragraphs which I have quoted several allegations, nearly all of which are notoriously exaggerated or stupidly false. To begin with, I shall state in a general way that the merchants and traders on Prince Edward Island, like those in every other agricultural community, must, under ordinary conditions, have the confidence and goodwill of their customers, the farmers, or they—the merchants—could not continue in business. Now, everyone with as much mentality as a fourteen-year-old boy will agree with me when I say that in order to get and maintain that confidence and goodwill the merchants and traders would have to treat the farmers fairly and honestly. This memorandum which the honourable leader on this side of the House read, put on the records of Parliament, and thereby endorsed, presents the farmers of Prince Edward Island as a hopeless, helpless, spineless, debt-ridden class, and the merchants and traders of the province as unconscionable Shylocks grinding the very life and soul out of their victims till the bunch who administer the Farmers' Creditors Arrangement Act on the Island came to their rescue. I shall here relate some facts which everybody on Prince Edward Island knows to be facts, but of which the Government here appears to be either oblivious or badly informed.

First as to grain, there is no grain sold by the farmers of Prince Edward Island except small quantities of oats. Nearly all that grain, and all the other grains grown, are used on the farms. In some years small quantities of oats are shipped to Newfoundland, Nova Scotia and New Brunswick, where they compete with the oats from the Prairies. The competition among the traders on Prince Edward Island who handle oats assures the farmers the highest market price.

Then as to the other products which the farmers sell, such as cattle, hogs, sheep, lambs, poultry and eggs, they are practically all bought and sold by farmers' clubs, assisted by the officials of the provincial Department of Agriculture and in some instances by the officials of the federal department as well. From this it will be seen that any merchant who handles any of these products must pay the market price.

Next, as to potatoes and turnips, the crop is largely exported. These vegetables are largely handled by a province-wide organization of the farmers themselves, of which till a few years ago the Deputy Minister of Agriculture was manager. Since he retired as Deputy Minister, a member of the local Government has been on the board of directors. The Government gives some financial assistance. From this it will be seen that anybody else who handles potatoes and turnips must compete with this organization and pay the highest market price. We were told to-day by the honourable senator from Vancouver South (Hon. Mr. Farris) that the Government was aware of the conditions on Prince Edward Island better than was anybody else. Yet we know what a Government employee wrote in the memorandum which has been read in this House. When the writer of this precious memorandum stated that the merchants of Prince Edward Island obliged the farmers to sell their products at only one-half their value, he wrote a greater untruth than was ever penned by any other man in Canada. And remember, this man is a Government employee in a highly responsible executive position. Moreover, a cruel hoax was perpetrated on the honourable leader on this side of the House when he was induced to read, and thus put on the records of Parliament, this slanderous document.

Hon. Mr. MacARTHUR: Hear, hear.

Hon. Mr. DANDURAND: My honourable friend must remember that I receive reports from fifteen departments, and these reports I must bring to this Chamber. In this case I knew the honourable gentleman would have full time to cross-examine the person who had signed that report, and he did so before the committee.

Hon. Mr. MacARTHUR: Honourable members, if I may say a word—

Hon. Mr. HUGHES: I want to proceed.

Hon. Mr. MacARTHUR: I should like to say a word on that point.

Some Hon. SENATORS: Order!

Hon. Mr. HUGHES: In reply, I would say that if the honourable leader on this side of the House had asked any of the Island representatives—

Hon. Mr. MacARTHUR: Yes.

Hon. Mr. HUGHES: —who have been trying to protect the treasury and promote the principles of justice in respect to the administration of this Act, whether the statements in the memorandum were correct, he would have received information that would have saved him from reading that memorandum.

Hon. Mr. MacARTHUR: Hear, hear.

Hon. Mr. HUGHES: He having failed to take that precaution, this thought comes to me, that the honourable gentleman, whom everybody in this House respects, as do many outside of it, owes it to himself and to the

merchants of Prince Edward Island who were slandered to make an explanation.

Hon. Mr. MacARTHUR: It should never have been read.

Hon. Mr. GORDON: Whom do you refer to in connection with a memorandum?

Hon. Mr. HUGHES: The Director of the Farmers' Creditors Arrangement Act in Ottawa.

On the 19th ultimo, when the senator from Prince and myself were trying to stop, or at least to minimize, this raid on the public treasury and bring about some general improvement so far as Prince Edward Island was concerned, the senator from Queen's (Hon. Mr. Sinclair) told us we were powerless; that all we could do was to make a noise. And perhaps he was right. Time will tell. In other words, he told us that he was in such close contact with his relatives and friends, the administrators of the Act on Prince Edward Island, and in such close contact with the head office officials and the Government here, that the racket on Prince Edward Island would go on, much to our discomfiture and to the possible amusement of the beneficiaries. This Farmers' Creditors Arrangement Act is certainly a great game where it is well worked, and Prince Edward Island is the best field yet discovered.

Hon. Mr. MURDOCK: May I ask the honourable gentleman a question right there? I have been earnestly trying to follow what, apparently, he is trying to prove, that under the administration of the Act there is a larger percentage of grafters in Prince Edward Island than in any other province of Canada. Is that it?

Hon. Mr. HUGHES: I have given the figures. I think my honourable friend is quite capable of drawing his own conclusions.

Hon. Mr. MacARTHUR: That is it.

Hon. Mr. HUGHES: Why, even the beneficiaries of the legislation write to the Charlottetown press, over fictitious names, praising the Act and its administration, and saying that no termination of the manna-producing scheme for the few should be contemplated. The honourable senator from Queen's says it should not be ended at all; it is too good a thing.

Hon. Mr. MacARTHUR: Keep it going.

Hon. Mr. HUGHES: On one occasion I characterized the Act and its administration at Ottawa and in some provinces as agreeing in principle with Aberhart's ideas of justice, and I find I am not alone in that belief. On the 27th ultimo The Evening Telegram, Toronto, published this editorial, headed "Aberhart may have borrowed idea from Dominion legislation":

> There has been wide condemnation of Premier Aberhart's latest confiscatory legislation. It has led Right Hon. Arthur Meighen to ask, "Would anybody from Ontario or Quebec or anywhere on earth, except a madhouse, lend money on real estate there?"

The honourable member who preceded me pointed out what this Farmers' Creditors Arrangement Act has done to the credit of farmers, and it has had that effect in Prince Edward Island. To-day a young man there who wants to buy a farm or stock simply cannot get credit, because of the operation of this Act. The editorial continues:

> Yet the same question might be asked with equal force with regard to lending money on farm property anywhere in Canada. While the Dominion Government is considering the disallowance of the Alberta legislation, it might appropriately take into consideration the removal of some of the defects from the Farmers' Creditors Arrangement Act.
>
> The boards which make adjustments under this Act do not operate as courts except in the binding character of their finding, they are not bound by any principles of equity, and from their decision there is no appeal, however seriously they may wrong the creditors. These are serious defects to which the Government of Canada should give its attention. They should remove the mote from their own eye at the same time that they are operating on the beam in Alberta's eye.

Then it goes on to give a number of cases. I will not read the decisions.

Now, I have given the facts in regard to the administration in Prince Edward Island. Do you wonder that we are trying to get this Act rescinded? The beneficiaries do not want it rescinded, for men who probably never before got a salary of more than $600 or $700 a year are now getting $6,000 or $7,000 under this Act as administrators.

Hon. Mr. GORDON: Is that not the tendency of the day—shorter hours and bigger pay?

Hon. Mr. HUGHES: But it is all done in the pretence that they are benefiting the farmer.

Well, I think I will stop and leave it with the Senate.

Some Hon. SENATORS: Hear, hear.

The amendment of Hon. Mr. Farris was negatived on the following division:

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

MUNICIPAL IMPROVEMENT ASSISTANCE BILL

THIRD READING

On motion of Hon. Mr. Dandurand, Bill 143, an Act to assist Municipalities in making self-liquidating Improvements, was read the third time, and passed.

INDIAN BILL

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 138, an Act to amend the Indian Act.

He said: Honourable senators, this Bill contains but two clauses. It will be noted that they cover two matters of certain importance. The first is the making of regulations relating to the disposal of minerals which may be found on Indian reserves. At present the Act gives power to the Governor in Council to make regulations governing the disposal of what might be termed surface rights on the reserves; that is to say, regulations relating to the disposal of timber, hay and grazing leases. It should be said here that before any such disposal can be made the consent of the Indians or the Indian band interested has to be secured, but once the consent of the Indian band is secured then the administration falls within the framework of the regulations provided in the Indian Act. At the time the regulations were passed, or indeed at the time the provision was inserted in the Indian Act, it was not expected that developments of minerals or coal or of oil so far as Alberta is concerned would take place on Indian reserves, located, as they were, mostly in the northern part of the province. The opinion of the Department of Justice is that the power of the Governor in Council to make these regulations does not extend to the sub-surface rights. The proposal now is simply to give the Governor in Council power to do with the sub-surface rights what he already has the power to do with the surface rights. The consent of the Indians concerned will still have to be first had and secured.

The second point involved is really a new departure in Indian administration. It is the creation of what is popularly called a revolving fund. Under the proposed provisions the Minister of Finance will have authority to advance, as specified in the Bill, sums of money up to a total of $350,000 for the purpose of making loans either to individual Indians or to Indian reserves, or in relation to other matters connected with Indian welfare work. The Indians are at present, and of course will remain, even under this legislation, the wards of the Government. At present Parliament appropriates certain moneys year by year for Indian welfare work. But these votes of money are expended like any other vote, and consequently are looked upon more in the way of grants or gifts to the Indians who are the beneficiaries of aid given in welfare matters.

This fund is created for the purpose of lending money either to individual Indians or to bands of Indians for productive purposes, or perhaps in certain cases to residential schools for the purpose of developing handicraft arts, with the understanding that these loans must be paid back into the fund to the credit of the Minister of Finance, or rather to the credit of the Receiver General to be administered by the Minister of Finance.

This is a new departure, I think, and, a wise move. It will help to develop a spirit of self-reliance, and will gradually prepare the Indians for full citizenship.

Several years ago—indeed, not so many years ago—the Government of the United States adopted this policy. In the United States, roughly speaking, there is about twice the Indian population that we have in Canada. They provided, since they had the means to do so, a very much larger fund than we sug-

gest here, but if this works out as anticipated, it should become necessary later on to increase the amount in the fund.

May I give a few illustrations of how the fund may be used to assist in various ways? On a certain reserve an Indian may have been allotted a certain portion of land. He has not the means to buy stock or to obtain farm implements. Advances can be made under this fund, with the understanding that they must be repaid in whatever period of time is fixed. Again, we have reserves that are communal in their character. Another purpose for which this fund could be drawn upon would be to place cattle on a reserve, with the understanding that the amount of the loan creating the capital in the live stock would be repaid to the fund. Of course all these reserves are under supervision. Another illustration might be given in connection with work in residential schools. I think our system of Indian education left something to be desired. I am glad to note that within more recent years, particularly within the last few years, more emphasis has been placed upon the need of vocational training in these Indian schools. The Minister who presented this Bill to the other House says:

> I have seen samples of Indian handicraft work produced at points remote from civilization, such as beaded work of various kinds and other similar articles, which would find a ready market in the development of the tourist trade of this country—

and he expresses the hope in this regard that we may be able to go to the authorities of an Indian school and say: "If you wish to teach the girls in this school handicraft arts; if you wish to teach them weaving or leather working or any other art, we shall be in a position to supply the necessary amount of money, by way of a loan, to purchase the materials with which this work may be carried on."

Generally speaking, these are the purposes of this Bill, which I commend to this Chamber. I move the second reading of the Bill, seconded by Right Hon. Mr. Graham.

Right Hon. ARTHUR MEIGHEN: The first part of the Bill has for its purpose an amendment of the Indian Act to bring about a condition of affairs which I thought already existed. I certainly always have felt, and acted upon the belief, that regulations could be provided with respect to the disposal of mineral rights on Indian lands after the surrender. If there is any defect in the law in this respect, of course it should be remedied.

I want to say a few words, though, about the second clause of the Bill, which provides that the Crown may lend more money. Under it the credit of Canada may be again resorted to, this time for producing a revolving fund from which to make loans to Indians as individuals, and in the communal state, and also to Indian schools for the education of Indian children in handicrafts. I will state the one single and indispensable condition to the making of such loans, namely, that it be under the superintendence of a man who is thoroughly and extraordinarily competent for the work. I do not know the official who would be responsible for this. I am not sure who is the Deputy Minister in charge of Indian Affairs at the present time, but this is information that I should like to have before I vote for such a revolving fund.

Hon. Mr. DANDURAND: The Deputy Minister of the department is Dr. Camsell.

Right Hon. Mr. MEIGHEN: He is the Deputy Minister of the Department of Mines and Resources. If there is as good a man as Dr. Camsell in charge of this work, all right.

Hon. Mr. COTE: It is Dr. McGill.

Right Hon. Mr. MEIGHEN: I do not know him, and I do not know how competent he is. But I shall be amazed, and shall take off my hat to him, if he is able to make a success of this revolving fund. Until recent years there was a man in the department who was the only official I ever knew of, connected with Indian affairs, who could make a real success of farming by individual Indians. He did that in the File Hills Reserve. Lately, in the prime of life, he was superannuated, and so is not now in the service of the State. I should put a big question mark in front of the name of any man who was given the task of administering a revolving fund such as is proposed here, where the debtors were to be individual whites; I should make the question mark considerably larger where the debtors were to be individual Indians; and very much larger where the obligation to return the money was to rest upon Indians in a communal sense. My guess is that the fund provided for by this Bill will revolve until the fund is exhausted, when the revolving will cease and the State will bear the loss of the whole amount. Unless a very extraordinary man is placed in charge of the fund, and unless he stays in charge of it for years to come, we may as well kiss good-bye to all the money right now. It will never come back. Government loans to white people, where the individual obligation always obtains, are not often repaid. How much slimmer are the prospects for repayment of money placed in a revolving fund for Indians, who are not individualists and who as a rule do not understand the meaning of an obligation! And those prospects are still slimmer when the

loan is made to a group or tribe, and the obligation is a communal one, whatever that may mean. Surely the Government does not think that in these circumstances Indians will understand there is a real obligation.

Hon. Mr. DANDURAND: I wonder if their general fund would not be security for advances made under this Bill.

Right Hon. Mr. MEIGHEN: Oh, no. Deductions could of course be made from their subsistence. But all that they are getting now is subsistence, and they cannot be allowed to starve.

Hon. Mr. DANDURAND: No. I meant their general fund, which accumulates.

Right Hon. Mr. MEIGHEN: What I am trying to emphasize is that there is only one condition under which this revolving fund can succeed, and that is that it be superintended by a man who has extraordinary qualifications for the work. Dr. McGill may be such a man; I do not know. But I know that in my day there was only one man in the Department of Indian Affairs who could have convinced me that he was capable of making a success of this fund.

Hon. Mr. DANDURAND: Who was the Superintendent then?

Right Hon. Mr. MEIGHEN: The Superintendent of Indian Affairs at that time was Dr. Scott. The man to whom I refer as having practical knowledge of farm operations, an understanding of what a return of the dollar meant, and the necessary contact with the Indians, was Mr. Graham.

As to loans to Indian schools for the education of children in handicrafts, the objective is a very fine one, but who is going to return that money? We support the schools; they are Government institutions. I think it costs the country about six times as much to educate an Indian child as to educate a white one. I do not believe the results in the cases of Indians are six times as good; I am inclined to think the ratio is just the reverse. Nevertheless, we have to do our best. But I do not know where the repayment of that money is going to come from. Are the children who get the education to repay the money? If so, we are relying upon a fantasy. The Minister stated in the House that this was to be a loan. Well, it will be like a lot of other loans. I would recommend the honourable leader of the House (Hon. Mr. Dandurand) to advise the Minister of Finance, Hon. Mr. Dunning, not to count on the return of 100 per cent of that money.

Hon. Mr. DUFF: Cast your bread upon the waters.

Hon. Mr. COTE: I do not know about the capacity of Indians to repay their loans, but, if it is permissible for me to say so, I happen to be acquainted with the Director of the Indian Affairs Branch. Dr. McGill succeeded Dr. Duncan Campbell Scott as head of this branch. I consider Dr. McGill to be a very able and competent official.

Hon. Mr. DANDURAND: I shall make it my duty to draw the attention of the Minister to the remarks of the right honourable leader opposite.

I may say that during my long experience and contact with the various departments of Government I have for the most part met officials of a very high order. This certainly applies to the former Department of the Interior and its various branches. Some years ago we had an inquiry to determine whether there was any foundation for the statement that the departments were overmanned. We called before a committee all the deputy ministers and their chiefs of branches, and I think the members of that committee came to the conclusion that the Government of Canada was served by a really high-class staff of officials. I recall that representatives of the Department of the Interior, the Department of Agriculture and other departments really surprised us by the extent of their technical information and their general ability and character.

Righ Hon. Mr. MEIGHEN: I would not for a minute question the technical knowledge and high character of departmental officers, and the generally favourable impression that they will make on any person. But these things are entirely different from business capacity, which is needed to enable a man to make a success of a loan of $350,000 on Indian farming. A man needs to be able to do a lot more than to make a fine impression and to talk ably if he is to get loans of this kind repaid.

Hon. J. A. CALDER: Honourable members, I wish to add a few words. I have lived in the West a long time, and though I do not say I have had a thorough knowledge of the Indian situation, I have come into contact with it in a great many ways. I have been acquainted with many of the officials who were in charge of administering the Indian Act. What surprises me in connection with this Bill is why these loans are thought of at this late date. The Indian problem has been with us ever since Canada has been Canada, and for all those years we have done without a revolving fund to take care of the duties that the State owes to Indians. I cannot help thinking that there is around the department somebody, perhaps more than one person,

desirous of creating new jobs, of extending the activities of the department.

Right Hon. Mr. MEIGHEN: Hear, hear.

Hon. Mr. CALDER: Those who have been connected with the administration of affairs, provincial as well as federal, know that such a desire nearly always exists in what we call the Civil Service. There is the tendency to increase or intensify the importance of a department or branch, and to enlarge the expenditure of money, because these things bring certain other things with them.

I agree absolutely with everything that has been said by the right honourable leader on this side (Right Hon. Mr. Meighen). I doubt very much that any useful purpose will ever be served by the expenditure of this money, unless the strictest precautions are taken, and I further doubt that any large portion of it will ever be returned. If it is possible to attach some strings to this Bill so as to make certain that the expenditures under it will be properly controlled, I think we should do so. Those of us who have lived in the West know that on many occasions large sums of money have been squandered in the Indian service at various times, and that there has been very little in the shape of results to show.

Hon. Mr. DANDURAND: I do not know whether the honourable gentleman has noticed the Minister's general statement of what he has in mind. I may say that the Minister has travelled widely throughout the West.

Hon. Mr. CALDER: He knows the West.

Hon. Mr. DANDURAND: He has been most painstaking in trying to find out what can be done to increase the returns of some of his branches and to attend to the needs of the persons who come under the Indian Affairs Branch.

Hon. Mr. CALDER: But the present conditions have existed for many years. Farming operations have been carried on in these reserves for at least twenty-five or thirty years.

Right Hon. Mr. MEIGHEN: Longer than that.

Hon. Mr. CALDER: For probably forty years. And during all that time the department has had to get its necessary funds by some means. So I cannot understand why it is necessary to have new legislation now, except for providing for handicraft work in some of the schools.

Hon. Mr. DANDURAND: But the department apparently has not the money for the objects which I have mentioned.

Hon. Mr. CALDER: Why is money not voted as required for these purposes, as always has been done?

Hon. Mr. DANDURAND: The Government has decided to have a revolving fund.

Hon. Mr. CALDER: That may be all right in theory, but it will never work out in practice, in my opinion.

Hon. Mr. DANDURAND: The last clause of the Bill provides:

> The Superintendent General shall annually prepare a report with regard to loans made under the provisions of subsection one of this section, during the preceding calendar year, and such report shall be laid before Parliament within fifteen days or, if Parliament is not then sitting, within fifteen days after the beginning of the next session.

So that at the opening of every session we shall have a full statement of the operations of this revolving fund.

Right Hon. Mr. MEIGHEN: It will be a statement of expenditures, not of receipts. I can remember being told by Mr. Graham about advances to Indians for cattle. It was no time at all before there were no cattle; they were eaten up.

The chief requisite is a man upon whom we can depend, a man who has lived all his life with the Indians and who has an extraordinary knowledge of their affairs. We used to have fine visions of Elysian fields, in the old days, under the Government that I supported, and we started spending money for distributing thoroughbred bulls among white people throughout the country. We soon found that a good many of these bulls were used as oxen, and, a little later, they were eaten. If that was the experience with whites, what will be the fate of a revolving fund for Indians?

Hon. Mr. BLACK: May I ask the honourable leader whether he intends to refer this Bill to a standing committee?

Hon. Mr. DANDURAND: I had not intended to. The whole Bill is expressed in two sections, and the explanatory notes are complete. I doubt that we could get in committee more information than I have read from the Minister's statement.

Right Hon. Mr. MEIGHEN: Would the honourable leader not have the Bill referred to some committee where we could hear the Director of the Branch? I should like to hear what he has to say. The first section of the Bill is all right; I am ready to let that pass at any time. But this revolving fund, for the purpose of placing the Indians in the cattle business, does not appeal to me at

all. If my own money were involved—the widow's mite that it is—I would not put it into such a venture. I would just as soon drop it into the Ottawa river and say "Farewell!"

Hon. Mr. DANDURAND: We are more or less carrying on a conversation, which may be out of order, strictly speaking.

Behind section 2 is the idea of developing a sense of initiative and self-reliance on the part of the Indians, with a view to bringing them up to such a level that they may be absorbed into our Canadian citizenship. Towards that end the Minister seeks to help them to become self-sufficient in the administration of their own land, in the management of cattle and the proper use of appropriate implements.

But I shall be glad to refer this Bill to a committee after it has received second reading. Shall it be the Committee on Agriculture and Forestry?

Right Hon. Mr. MEIGHEN: Yes.

Hon. Mr. DANDURAND: All right.

Hon. Mr. GORDON: Honourable members, I am surprised at anyone who knows where the loans will go regarding them as revolving loans. Is not that term a misnomer? The more appropriate term would be "dissolving." I have had a little experience of where these so-called "loans" go, and I say advisedly that no business man would make loans in that quarter with the expectation of ever getting them repaid.

Hon. Mr. CALDER: I think it would be a distinct advantage to send the Bill to committee in order that some senators, particularly the right honourable leader on this side, who has had a very large experience in connection with Indian affairs, might question and advise the man who would be responsible for the administration of the Act. In addition, I think we should require a report on every loan made, and the purpose for which it was made, the information to be laid before Parliament.

Hon. Mr. DANDURAND: When this Bill goes to that committee I will see that the chairman notifies my right honourable friend to be there, and as well the Minister and the deputy in charge of that branch.

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

REFERRED TO COMMITTEE

On motion of Hon. Mr. Dandurand, the Bill was referred to the Standing Committee on Agriculture and Forestry.

TRANSPORT BILL

MOTION FOR SECOND READING POSTPONED

On the Order:

Resuming the adjourned debate on the second reading of Bill 31, an Act to establish a Board of Transport Commissioners for Canada, with authority in respect of transport by railways, ships and aircraft.—Hon. Mr. Haig.

Hon. Mr. HAIG: I would suggest that this Order be discharged and placed on the Order Paper for Monday next.

Hon. Mr. DANDURAND: And I would suggest that the honourable member from Winnipeg give way to the younger member of this Chamber who is ready to proceed.

Hon. Mr. HAIG: Then I can adjourn the debate.

Hon. Mr. DANDURAND: Or you may be inspired to follow him.

Hon. Mr. HAIG: I do not want to do that.

Hon. Mr. DANDURAND: I am not imposing any conditions.

Hon. Mr. HAIG: There will be no committee on Monday.

Hon. Mr. DANDURAND: I do not know why we should not proceed with this Bill in order to send it to a committee. We are pressed for time, and I believe that honourable members should help the leader of this Chamber to proceed in such a way as to make sure that we shall not be hampered in the last days of the session. We are devoting the whole of next week to the railway inquiry. I should be most happy if we could dispose of this Bill to-morrow.

Hon. Mr. DUFF: I appreciate the courtesy of the honourable leader of the House in coming to ask me if I was ready to go on to-night. If honourable members want to sit here for the next three or four hours, I can assure them that my energy is such that I can proceed.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. CALDER: Carry on.

Hon. Mr. DUFF: May I say to the honourable leader of the House that I must go on either to-night or next Monday night, as I have a very important engagement to-morrow in Montreal. In the expectation that the House would be able to reach second reading of the Transport Bill this afternoon, I stayed here all day, as my honourable friend knows. I have to be in Montreal to-morrow in order to raise some money to buy Nova Scotia fish, and if I do not keep my appointment I am very much afraid the fisheries of Nova Scotia

may suffer. Those fisheries are just as important in the public interest as this Transport Bill; perhaps more so. If necessary, I will send for my papers and proceed with my remarks, for I am very much opposed to the Bill. I do not think it is in the interest of the country that it should pass. Nevertheless, I agree with my honourable friend from Winnipeg that we shall be just as far ahead by postponing this debate until Monday night, when he and I shall be glad to go on after 8 o'clock. We can be through before midnight; so the Bill may then be referred to committee.

Right Hon. Mr. MEIGHEN: Hear, hear.

Hon. Mr. DUFF: I am inclined to be reasonable. In fact, to-night my honourable friend will agree that I voted with the Government on the Farmers' Creditors Arrangement Bill.

Right Hon. Mr. MEIGHEN: It must have been hard work, too.

Hon. Mr. DUFF: I know it was. I did not even oppose the Indian Bill. In short, I am trying to do all I can to facilitate business. In view of the very important matter which I must look after to-morrow, and for the reason that I feel it is only right for me to ask my honourable friend to agree to the suggestion of the junior member from Winnipeg, I would repeat the request that the debate on second reading be postponed until Monday night.

Hon. Mr. DANDURAND: I must confess I am somewhat disappointed. I had hoped we might be doing useful work to-morrow in the Standing Committee on Railways, Telegraphs and Harbours, to which this Bill will be sent. I thought the speeches might be somewhat shortened in view of the fact that the Bill will be dealt with very thoroughly in that committee. I doubt very much whether any members desire to prevent this proposed legislation from being studied in committee, where we shall get much more illumination than by debating it in this Chamber. Then on the motion for third reading, with full knowledge of the principles, the Bill could be discussed on its merits. If my honourable friend does not want to burden his mind with his principal arguments, he can very well discuss the Bill for an hour now, and so allow us to advance it to the second reading stage.

Right Hon. Mr. MEIGHEN: With all respect, I think the honourable leader of the House is making a mistake. I have never seen a debate forced or even urged on at 11 o'clock at night. There is never anything approaching obstruction in this House. I doubt that the committee would accomplish very much to-morrow, anyway. The committee will have to hear delegates for and against the Bill, and I fancy the principal ones cannot be here to-morrow. I am sure we shall finish just as soon on Monday night as if we resumed debate on the Bill to-night. I should not think of asking anyone to restrict his remarks. We shall get through our work all right.

The Order was discharged.

DIVORCE BILLS

FIRST READING

Hon. Mr. McMEANS, Chairman of the Committee on Divorce, presented the following Bills, which were severally read the first time:

Bill H3, an Act for the relief of Stella Maude Lash Dawes.

Bill I3, an Act for the relief of Elizabeth Dubnitsky, otherwise known as Elizabeth Dubney.

Bill J3, an Act for the relief of Harry Roth.

The Senate adjourned until Monday, June 13, at 8 p.m.

THE SENATE

Monday, June 13, 1938.

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

Prayers and routine proceedings.

HIGH COMMISSIONER IN THE UNITED KINGDOM BILL

FIRST READING

A message was received from the House of Commons with Bill 146, an Act respecting the High Commissioner for Canada in the United Kingdom.

The Bill was read the first time.

THE MINISTER OF TRANSPORT

QUESTION OF PRIVILEGE

On the Orders of the Day:

Hon. Mr. DANDURAND: Honourable senators, I rise to a question of privilege. When on Wednesday last I moved the second reading of Bill 31, the Transport Bill, the honourable senator from Lunenburg (Hon. Mr. Duff) objected to the making of the motion at that time and made some disparaging remarks concerning the honourable Minister of Transport. Among them I may cite the following:

Much worse than the Chinese who are retreating day by day from the Japanese, much worse than the Spaniards who are retreating from the insurgents, the Minister of Transport retreated all along the line this year and last year, because all he had in mind when he introduced the legislation, and got my honourable friend to introduce it here, was the protection of certain interests on the Great Lakes in which he was interested.

It was my duty to draw the attention of my colleague the honourable Minister of Transport to these utterances, and their somewhat aggressive tone. I have received the following answer from the Minister, Hon. Mr. Howe:

My dear Colleague,

I have your memo calling my attention to the remarks of Senator Duff as reported in Senate Hansard of Wednesday, June 8, and their aggressiveness.

In the course of his remarks, Senator Duff made the following statement:

"All he (the Minister of Transport) had in mind when he introduced the legislation, and got my honourable friend to introduce it here, was the protection of certain interests on the Great Lakes in which he was interested."

This could but mean that I am financially interested in certain ships. For your information, I may say that I am not now and never have been at any time interested financially in any way whatever, directly or indirectly, in any ships or in any other means of transportation.

As to the animus shown by the honourable gentleman, I may say that this is no surprise to me, as in my ministerial capacity I have had occasion to differ with him in matters in which it was my duty to defend the public interest confided to my charge.

Yours very truly,

C. D. Howe.

Hon. J. P. B. CASGRAIN: Honourable senators—

Hon. Mr. DUFF: Honourable senators, in one way I am pleased, indeed, that the honourable leader of the House (Hon. Mr. Dandurand)—

Hon. Mr. BALLANTYNE: Would you allow me a moment first, please?

Hon. Mr. DUFF: Yes, with pleasure.

HONOURABLE SENATOR DANDURAND

FELICITATIONS ON ELECTION TO L'INSTITUT DE FRANCE

Hon. C. C. BALLANTYNE: Honourable senators, before the honourable senator from Lunenburg (Hon. Mr. Duff) proceeds to make any reply, I crave the indulgence of the Senate for a few minutes to refer to a very pleasing announcement that has appeared in the press since we last met. The highly distinguished leader of this House (Hon. Mr. Dandurand) has had a very rare and signal honour conferred upon him in his having been elected, by unanimous vote, a member of l'Institut de France.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. BALLANTYNE: I desire to express to the honourable leader not only my own sincere congratulations, but those, I am sure, of every honourable member of this House.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. BALLANTYNE: As we all know, the honourable gentleman has had a very distinguished public career, extending over forty years, in his own country. In addition, he has performed very valuable and noteworthy services abroad for Canada on more than one occasion, especially at the League of Nations; and indeed for three years he occupied the position of President of the Assembly of that great body, his election to which office was indeed a high honour. More recently he represented Canada, in his usually able and eloquent way, at the Nine-Power Conference.

I am sure that the young men of Canada could find inspiration in no better way than by familiarizing themselves with the life and very distinguished career of the honourable leader of this House, and no finer advice could be given them than to emulate him.

I will conclude by expressing the hope, in which I am sure all my colleagues join, that the honourable leader of the Government may maintain his usually good health and vigour for many years to come, and enjoy the honours that he has so well merited.

Some Hon. SENATORS: Hear, hear.

Hon. J. P. B. CASGRAIN: Honourable senators, I was going to ask leave of the House to make a short announcement which I was sure would cause every honourable member to rejoice, but somebody must have been indiscreet enough to tell the honourable acting leader of the other side (Hon. Mr. Ballantyne). However, I just want to add a few words by way of emphasizing the very great honour that the honourable leader of the House (Hon. Mr. Dandurand) has received. Lord Brougham, who had been appointed to many high offices, including the chancellorship of the Exchequer, and who had inherited and acquired many great titles, discarded all other titles, not only his English ones, but also those he had received from many foreign countries, upon his election to l'Institut de France. Thereafter he always signed himself simply, "Brougham, membre

de l'Institut." He was prouder of that distinction than of any that he had inherited or any other that he had acquired.

I am very glad that this matter was brought up by the acting leader opposite, and it gives me much pleasure to join with him in his congratulations to the leader of the House (Hon. Mr. Dandurand) on the honour he has received. It reflects credit on every member of this Chamber. I do not think there are many political bodies in the world who would not be very proud to have among their own members a membre de l'Institut.

Hon. WILLIAM DUFF: Honourable senators,—

Hon. RAOUL DANDURAND: I am sorry for any interruption to the remarks of my honourable friend from Lunenburg (Hon. Mr. Duff). I desire to thank the honourable acting leader on the other side (Hon. Mr. Ballantyne) and my old friend to my left (Hon. Mr. Casgrain) for the kind remarks they have just uttered with respect to myself. I may say that I realize the importance of my election to l'Institut de France and to l'Academie des Sciences Morales et Politiques. I know full well that this honour, which can be bestowed upon only a very few persons outside of nationals of France, is more especially meant to honour the country of its recipient. It is to Canada as a whole that I transfer the honour of my election to membership. It is, I am sure, not my personality which has been specially thought of by the members of l'Institut, but rather is it the great Dominion of Canada, which is very near the heart of the Republic of France.

Some Hon. SENATORS: Hear, hear.

THE MINISTER OF TRANSPORT

QUESTION OF PRIVILEGE

Hon. Mr. DUFF: Honourable senators, I join with my honourable friend the acting leader of the other side (Hon. Mr. Ballantyne) and the honourable senator from De Lanaudière (Hon. Mr. Casgrain) in complimenting the distinguished gentleman who leads the Government in this House (Hon. Mr. Dandurand). The fact that my honourable friend from Alma (Hon. Mr. Ballantyne) introduced this important subject at the time he did, shows conclusively to me that, after all, the small matter which was brought up by the honourable leader of the Government as a question of privilege does not mean nearly so much as perhaps might be inferred from his remarks. There is no gentleman in this honourable House, or perhaps in this country, who holds the admiration of the people more than does the honourable leader of the Government in the Senate. But may I say to him that I was a member of the other House for twenty-one sessions, and I have been in the Senate for three sessions, and during all that time the practice has always been that an honourable member intending to rise to a question of privilege and reflect on remarks made by a colleague would pay his colleague the courtesy of notifying him in advance, so that he would know what to expect. I cannot understand, honourable members, why the honourable leader of the House did not accord that courtesy to me.

However, I should like to say that I can understand the position of the leader of the Government with regard to this matter. I can assure him that during my forty years of public life, twenty-four years of which I have been supporting one of the great parties of this country as a member of Parliament, I have always voted and worked for that party, whether it was in a civic, municipal, provincial or federal election, and when election day came I never ran away from that party, as did in 1934 the gentleman who wrote the letter which was read a minute ago by my honourable friend. In the 1934 election in the province of Ontario that gentleman did not vote for the Liberal party.

Now, what does my honourable friend (Hon. Mr. Dandurand) say? That I made some disparaging remarks about the Minister of Transport. May I say, honourable senators, that that would be absolutely impossible. The Minister of Transport in his letter states that I said he was financially interested in steamship companies on the Great Lakes. That is not correct. I will be sufficiently courteous not to say it is not true, or to use even stronger language, but I say there is not one word in Hansard to show I said the honourable Minister was financially interested in those companies. I am surprised that the honourable leader of the Government did not peruse my remarks before he read the Minister's letter, which makes such an incorrect statement.

Hon. Mr. MURDOCK: May I interrupt? Some of us can read and understand the English language. At page 434 of the Senate Hansard of last Wednesday I find the following:

> Hon. Mr. Duff: I know. I am glad the honourable leader agrees with me. I am repeating what he said, for I want honourable members to realize the situation. Much worse than the Chinese who are retreating day by day from the Japanese, much worse than the Spaniards who are retreating from the insurgents, the Minister of Transport retreated

all along the line this year and last year, because all he had in mind when he introduced the legislation, and got my honourable friend to introduce it here, was the protection of certain interests on the Great Lakes in which he was interested.

What else are we to understand? Then he continues:

He does not care anything about aeroplanes, buses, or anything else. It was purely a matter of trying to arrange to have bankrupt shipping concerns on the Great Lakes come under the proposed legislation, and to have higher rates paid by the people of this country.

It should be noted that this is not even the same measure as was introduced in the other House this session.

Some of us have a little understanding, and we all understood—

Some Hon. SENATORS: Order! Order!

Hon. Mr. DUFF: If my honourable friend wants to follow me he can do so, but he has no right to interrupt my speech. I do not take back one word of what my honourable friend has quoted. I said the Minister of Transport was interested in this Bill because it would affect and help certain interests on the Great Lakes. I repeat, I do not take that back. As to what I said about the Spaniards retreating in Spain and the Chinese in China, my honourable friend knows the Minister retreated, for the honourable senator was himself a member of the committee before which the Minister practically withdrew half of the clauses of the Bill. I am going to prove that when I speak on the motion for second reading of this Bill. But that has nothing to do with the statement contained in the letter read by the honourable leader, that I said the Minister of Transport was financially interested.

Hon. Mr. DANDURAND: No. The honourable Minister of Transport concludes that the honourable senator's statement of last Wednesday could only mean that he, the Minister, would be financially interested in those ships.

Hon. Mr. DUFF: Of course, the honourable gentleman can draw the long bow if he likes, but what I am talking about is what I said last week. It seems to me the statement in the Minister's letter was rather out of place, that I made those remarks not because I thought it my duty to do so as a public man opposing the Bill, but because of a difference between him and me on a public question. In other words, he insinuated that I made those remarks the other night because of some matter with respect to which I tried to get the Minister to agree, but he would not. Well, if the Minister had any common sense he would keep quiet about that. A Privy Councillor should be a man of probity and honour. A Minister of the Crown should not go around the corridors of this building calling a senator a "damn big windbag." That is what the Minister of Transport did. He said I took my stand against the Bill because I did not get my own way. It was not my own way I wanted to get at all. I was asked by a certain person to go to the Minister with regard to a ship which the department was selling. The Minister of Transport sold that ship to the man I was acting for; that is, he gave me his word that the ship was sold to that man. Inside of twenty-four hours he sold the ship to somebody else, and so assured the man who was acting for another party. And after all that, he placed the ship in the hands of the salvage committee. So the less the Minister says about me with regard to any dealings I had with him in that connection, the better for himself. That is the last dealing I had with him, and it is the last dealing I am ever going to have with him, because he is not a man to be trusted. I say a man who is a Privy Councillor should be distinguished for probity and honour; he should be a man whose word you can trust when he comes to you and says that a certain thing will be done.

Now, honourable senators, it seems to me this is a tempest in a teapot. I have certain views on the Transport Bill. I expressed those views not only last year, but also this year, and I intend to express them again to-night on the second reading of the present Bill.

The Minister in charge of the Department of Transport is the man who two years ago moved an amendment declaring that Lake Ontario, Lake Huron, Lake Erie and Lake Superior were salt-water lakes. The only reason I can give for his doing so is that while on his verandah at Port Arthur he wishes to think he is down at St. Andrew's by the Sea.

If there is any apology to be made, let me say the first person to make apology will not be I. Throughout my public life I have always tried to be fair, and I am astonished that a man in the high position of a Minister would dare say of a member of the Senate of Canada that he was a "damn big windbag."

Hon. Mr. DANDURAND: I do not know when a question of privilege ends, but since my honourable friend has spoken of the real cause of his separation from the Minister of Transport—

Hon. Mr. DUFF: I did not talk about it. You started it. But go ahead.

Hon. Mr. DANDURAND: —that the trouble was over a ship which was to be sold—I do not know that he mentioned the name—

Hon. Mr. DUFF: The Mikula.

Hon. Mr. DANDURAND: —would he allow me to put on Hansard the history of those negotiations?

Hon. Mr. DUFF: Quite right.

Hon. Mr. DANDURAND: I will.

Hon. Mr. DUFF: I shall be glad.

Hon. Mr. DANDURAND: I have received from the Minister of Transport a statement giving the reason for the animus of my honourable friend, if animus—

Hon. Mr. DUFF: I object to that word "animus."

Hon. Mr. DANDURAND: I was just going to say that I am not quite sure it expresses my view.

Hon. Mr. DUFF: You think perhaps that it is not strong enough?

Hon. Mr. DANDURAND: No. But I must confess my honourable friend has shown some animosity.

Hon. Mr. DUFF: No, I have not.

Hon. Mr. DANDURAND: Well, at all events, I am using the words of the Minister.

Hon. Mr. DUFF: That is right.

Hon. Mr. DANDURAND: This is the Minister's statement:—

The present animus arises from incidents connected with the sale of C.G.S. "Mikula," an icebreaker on St. Lawrence Ship Channel service. The "Mikula" was a very expensive boat to operate, and a departmental investigation disclosed that the usefulness of this boat was slight, when balanced against its operating cost. On the advice of my officers, I decided to dispose of the boat, and to perform the icebreaking service with other departmental icebreakers more efficient in operation.

Accordingly, on 30th March, 1936, I wrote the Secretary of the High Commissioner for Canada enclosing a draft advertisement for tenders for insertion in leading British marine journals having a wide circulation on the European Continent. At that time I hoped to sell the boat for icebreaking purposes. Time for receiving tenders was to close on 30th June, 1936.

On 7th August, 1936, I cabled the Secretary of the High Commissioner for Canada requesting that he advertise extension of time for receiving tenders to September 30.

By letter dated September 8, 1936, addressed to R. K. Smith, our Director of Marine Services, Maritime Navigation Co., Ltd., of Liverpool, N.S., per Captain Ogilvie, submitted an offer of $10,000, forwarding a cheque for $1,000 as 10 per cent deposit. On the 12th September, 1936, our Mr. Smith wrote the Maritime Navigation Co., Ltd., returning the cheque for $1,000 and stating that the Department was not interested in the offer.

On the 21st September, 1936, Maritime Navigation Co., Ltd., per Captain Wallace Ogilvie, wrote Mr. Smith making an offer of $15,000 less commission of 2½ per cent and enclosing a a cheque for $1,500. On 25th September, 1936, Mr. Smith wrote Ogilvie advising that the $15,000 offer was still too low.

On December 22, 1936, Captain Wallace Ogilvie, of the Maritime Navigation Co., Ltd., submitted an offer of $17,000 less commission of 2 per cent. On 28th December, 1936, I wrote Captain Ogilvie stating that the Department was not in a position to accept the offer and that tenders were being called in Canada.

On 31st December, 1936, an offer was received from the Manseau Shipyards for $22,500. On 12th January, 1937, they were advised that their tender was too low, and that the offer could not be accepted by the Department.

During the period of the above correspondence Senator Duff called on me on several occasions to press the claims of Captain Ogilvie. I explained to Senator Duff that we were trying to sell the ship abroad as a useful icebreaker, and were not interested in prices that represented no more than an inadequate scrap value. I pointed out to Senator Duff that if later we decided to sell the ship for scrap the transaction would be handled by the Government Contracts Supervision Committee through its Salvage Officer. On one occasion Senator Duff asked me what I thought the scrap value of the "Mikula" was, and I told him, at least $30,000.

On February 15, 1937, the Maritime Navigation Co., Ltd., per Wallace Ogilvie, president, wrote me offering $30,000 for the "Mikula" including all equipment, in Canadian currency, payments to be made as follows: 10 per cent deposit, 40 per cent on delivery, and 50 per cent when the vessel was delivered to the shipbrokers in the United Kingdom, and enclosing $3,000 deposit.

On the 18th February, 1937, our Mr. Smith wrote Captain Ogilvie replying to his letter to me, returning the $3,000 deposit cheque forwarded in Ogilvie's letter of February 15 and suggesting that further correspondence in connection with the matter be carried on through the Salvage Officer, Government Contracts Supervision Committee, Trafalgar Building, Ottawa. On the 18th of February, 1937, Mr. Smith wrote the Salvage Officer quoting copy of Ogilvie's letter of February 15.

On February 19, 1937, a telegram was received from the Margaree Steamship Co., Ltd., Sydney, offering $40,000 for the "Mikula." I replied on February 19 stating that the disposal of this ship was in the hands of the Salvage Officer, and that their telegram had been forwarded to the Salvage Officer.

A day or two later Senator Duff called on me and stated in most abusive language that I had double-crossed him by having suggested a price of $30,000 and then refusing to accept a bid for that amount. Hot words were exchanged, and little was left unsaid by either of us. Since that time we have not spoken to each other.

On 1st March, 1937, the Government Contracts Supervision Committee invited tenders for the sale of the "Mikula," to be received up to twelve noon, Tuesday, March 30, 1937; and the following is a list of tenders received:

Canhall Packing Co., Regd., Montreal, $6,000.
M. Fagan, Limoilou, Quebec, $11,500.
Grant Iron & Metal Co., Toronto, $13,500.
M. Zagerman, Limited, Ottawa, $24,447.50.
Manseau Shipyards Limited, Sorel, $40,100.
Maritime Navigation Co., Ltd., Liverpool, N.S., $41,000.
A. E. March, Montreal, $41,000.

An Order in Council, signed jointly by the Minister of Finance and myself, was passed on the 15th April, 1937, stating, among other things, as follows:

"That the three best offers were investigated, and that A. E. March intimated by telegram he was not further interested. Manseau Shipyards, Ltd., made a new offer of $42,000 under certain conditions, and the Maritime Navigation Co., Ltd., made a new offer of $50,000. Under the circumstances, the Ministers recommended that all tenders received on March 30 be rejected, and (2) that the icebreaker 'Mikula' be sold to the Maritime Navigation Co., Ltd., Liverpool, N.S., for $50,000."

The "Mikula" was duly sold to the Maritime Navigation Co., Ltd., "as and where is," and certified cheque for $44,900, $4,100 and $1,000 were received and passed by the Director of Marine Services to the treasury.

In a shipping publication, "Siren and Shipping," published in London, England, under date of February 24, 1937, the following item appeared.

That is, three months before the sale by the Government to the tenderer.

" 'Mikula,' steam driven icebreaker, 3,575 tons gross, 2,042 tons net, built Canadian Vickers, Montreal, 1916, owned by the Canadian Government, has, we understand, been sold to the Arnott Young Company, shipbrokers, Glasgow, for £14,000 delivered Clyde."

From the above it would appear that the Captain Ogilvie interests had sold the "Mikula" some four months before its purchase from the Government was arranged, for approximately $70,000, delivered on the Clyde. A conversation with Captain Ogilvie at the time of purchase from the Government led me to infer that Duff had represented that he could deliver the boat for $30,000, which may explain the anger of Senator Duff displayed at my last interview with him.

This covers all my relations with Senator Duff, and is the only explanation I can give of his present attitude toward myself.

Yours faithfully,
(Signed) C. D. Howe.

Hon. WILLIAM DUFF: Honourable senators, I am sure you must be weary of all this, but in view of certain statements submitted by the Minister of Transport, I have one or two remarks to make. I shall be as brief as possible.

Captain Ogilvie advised me to offer the Minister $17,000 for the Mikula. This I did. In that interview the Minister told me he had been offered $30,000 for the ship. I can give the name of the gentleman in Montreal from whom he said he had received the offer. This gentleman has a large contract and large dealings with the Marine Department. I will not mention his name. I said to Mr. Howe, "It seems to me that gentleman is getting sufficient money for the work he does for this country, and therefore I think that if Captain Ogilvie will raise his price from $17,000 to $30,000 he should get the ship." Mr. Howe, in his office in the West Block, on a Saturday morning—I remember it well—said, "He can have the boat if he will pay $30,000." I said, "Will you give me forty-eight hours to communicate with Captain Ogilvie?" He said, "Yes." I came back later and said: "He will take the ship at $30,000. Now what do you want?" Mr. Howe said, "Get Captain Ogilvie to write me saying that he will pay $30,000 for it." I said: "I will do better than that; I will not only get him to write you a letter, but I will get him to send you a ten per cent deposit,"—which Captain Ogilvie did.

Later on Captain Ogilvie wired me that his people in Glasgow were anxious to know what had happened, and I went to the Deputy Minister of Transport and said: "Would you be good enough to try to hurry this thing along? Captain Ogilvie wants to take charge of the ship and take her to the Old Country." The next day Mr. Smart telephoned me at 3 o'clock saying, "They have decided to put her in the hands of the Salvage Committee."

On Sunday, after being at church, I was invited to lunch. At that lunch my host said, referring to the late Dan Cameron, member of the House of Commons for Cape Breton, "Did you tell Dan about what Howe said to you about the Mikula?" I told what happened, and Mr. Cameron said, "He could not have sold her to you, as he sold her to me for the Margaree Shipping Company." I have three witnesses to prove this.

After talking to Mr. Smart I did not go to Mr. Howe's office. I have never been in his office since that Saturday morning when he told me he would take $30,000. The conversation imputed to me took place outside in the corridor, and every policeman on the main floor heard it, and the Minister's excuse for his own conduct is not correct.

Hon. Mr. HAIG: Hear, hear.

Hon. Mr. DUFF: And, to the surprise of the honourable the junior member from Winnipeg (Hon. Mr. Haig), I did not raise my voice during my conversation with the Minister. All I said was, "Are you going to deliver the Mikula to Ogilvie?" His reply was, "You are nothing but a damn big windbag." I didn't knock him down, as I should have done. I did not say one word, but walked away, for reasons which I need not explain.

May I repeat? The next Sunday Mr. Cameron, the member for Cape Breton in the House of Commons, in the presence of three witnesses, admitted that he did not believe Mr. Howe could have sold the boat to Captain Ogilvie, because he, Mr. Cameron, acting for the Margaree Steamship Company, had bought her from the Minister for $40,000.

I say I was never in Mr. Howe's office after he agreed to sell the ship to Ogilvie. I did not raise my voice during all the conversations I had with him in regard to this matter. He knew he had not done right. He knew he had sold Captain Ogilvie the ship for $30,000. I have never seen him since nor had anything to do with him. Yet Mr. Howe called me a damn big windbag; and now he comes with a long rigmarole and tries to say he did not make me a promise to sell Captain Ogilvie that ship for $30,000.

Hon. Mr. DANDURAND: My honourable friend will admit that Captain Ogilvie paid $50,000 for the ship.

Hon. Mr. DUFF: Do you want me to answer that?

Hon. Mr. DANDURAND: Yes.

Hon. Mr. DUFF: Well, I know more about it than my honourable friend.

Hon. Mr. DANDURAND: But the sale of the ship to Captain Ogilvie was made at $50,000.

Hon. Mr. DUFF: Absolutely right. And do you know what Captain Ogilvie had to do before he got the ship? He had to bring his principal across the water, from Glasgow, Scotland, and his other principal from New York, and they had to stay around here for a fortnight. It was only because Captain Ogilvie threatened to expose the transaction in the newspapers that the Mikula was sold to Captain Ogilvie.

EXCISE BILL

THIRD READING

On motion of Hon. Mr. Dandurand, Bill 123, an Act to amend the Excise Act, 1934, was read the third time, and passed.

TRANSPORT BILL

SECOND READING

The Senate resumed from Thursday, June 9, the adjourned debate on the motion for the second reading of Bill 31, an Act to establish a Board of Transport Commissioners for Canada, with authority in respect of transport by railways, ships and aircraft.

Hon. Mr. DUFF.

Hon. JOHN T. HAIG: Honourable senators, after listening to such a talk about ships, it will be a little difficult to bring our minds back to the humdrum affairs of a Transport Bill; so I shall not delay the House at any great length.

Last year the members of this House held a very long investigation into the Transport Bill. True, the Bill of that time covered many things that are not covered by the present measure. As there will be opportunity to deal with details later, I will not discuss them now. This Bill deals with transport by air, by road, by water and by rail. As to transport by air I shall have nothing to say; as to transport by road, I shall have very little to say, because, as you will remember, it was shown last year that 98 per cent of the road transport does not come under the jurisdiction of this Parliament.

Hon. Mr. DANDURAND: And there is no attempt at regulation.

Hon. Mr. HAIG: I said not, my dear sir. But as far as this Bill is concerned, I am interested on behalf of Western Canada in the matter of lake shipping and in what are termed "agreed charges."

First of all, I should like to inquire, who asked for this legislation. It may be said that the Government has the right to bring in whatever legislation it wishes; that it is the judge of what the people want, and it can present legislation to meet the desires of the public. Well, I am unable to find in this country any body of public opinion that wants this legislation. After following the investigation by the committee of the other House I am of the opinion that, except for the railways and their allied organizations, there is no public support for this measure.

No one realizes more than I do the difficulties confronting the railways. Honourable gentlemen who are members of the Special Railway Committee have heard the story of those difficulties from not only the Canadian National, but also the Canadian Pacific. Furthermore, we have only to pick up a daily paper to read about these difficulties. I picked up a daily paper on Saturday morning and read that for the week ending June 7, 1938, the gross revenues of the Canadian Pacific, as compared with the corresponding week a year ago, were down 11 per cent, and those of the Canadian National were down 17 per cent. Anybody who reads those figures will understand that obstacles confront the railways. But, I ask, who comes first in this country, the people who produce the goods, whether they be primary or secondary producers, or the people who

transport those goods? Who should be sacrificed, if anybody must be sacrificed? I submit to this House that it ought not to be the producers.

Some of my honourable friends, pointing out that trucks and buses are taking business away from the railways, will ask why we should not take business away from trucks and buses, which do not have as much expense of maintenance as a railroad and do not have as many employees. But the fact remains that we can no more hold back modern methods of transportation than we can stem the tide in the Bay of Fundy. We must recognize what is economically best for this country at large before we attempt to improve the situation of any particular part of the community. It cannot be said that any man in public life in our day and generation came into power with a greater desire to do good than did President Roosevelt. And what did he do? He brought forward certain legislation to improve conditions. But as a result of that legislation the country is in a worse condition than it was before. Let us be sure, therefore, when we start to amend our transportation law in this country, that we are not going to make conditions worse than they are now.

I find that boards of trade, chambers of commerce, the Canadian Manufacturers' Association—in fact, public bodies generally, from one end of the country to the other—are united in their opposition to this legislation. Here is a Winnipeg newspaper which is opposed to it; here are several Ontario newspapers which are opposed to it; here are newspapers from Saskatchewan, British Columbia and New Brunswick which are opposed to it. In virtually every part of Canada the press is against this legislation. I have yet to hear of any organized body of public opinion which is in favour of it.

If you are a member of a manufacturing, buying or importing organization, you have in your employ men whose business it is to advise you on matters of transportation. Just the other day the man in charge of transport for the third largest user of transport in Canada told me that they were strongly opposed to this Bill.

Hon. Mr. CASGRAIN: Who are they?

Hon. Mr. HAIG: I do not think it is necessary to name them. I will give the name to my honourable friend if he wants it.

Now, I have spoken of the Manufacturers' Association and the like, but what about the farmers? The farmers do not understand this legislation or what it will do, and will not understand it until it is put into effect. What effect will this Bill have on the farmers of Western Canada, whose product has to come down the lakes? While the Bill does not deal directly with grain rates, it deals with the licensing of the ships that will carry the grain; and licences will be granted only to the ships that are thought to be necessary to carry that trade. The result will be that the rate will go up, and the Western farmers will have to pay the increase; and, as you know, the grain prices are fixed in the world market. For that reason we in the Western Provinces, especially in the three Prairie Provinces, are absolutely opposed to this legislation.

Take the Winnipeg Free Press for instance. I say without fear of contradiction that the Free Press is the best edited paper in Canada to-day. I seldom agree with it politically, but I must acknowledge the ability of its editor to "put across" the story of what he believes to be in the interest of Canada. He admits, somewhat grudgingly, perhaps, that if this legislation does what it is intended to do, it will increase the cost of transport to the primary producers of Western Canada.

I come now to agreed charges. We in Western Canada remember that prior to 1903 the railways could give special rates. Do you think the third largest user of freight in Canada could not make a deal with the railway companies prior to 1903? They would say, "We will switch it to whichever railway gives us the better rate." That kind of thing, which went on in 1903 and previous years when special agreements could be made, drove the people of Western Canada to have for the Canadian Pacific a bitter hatred, which is deep-dyed in their hearts. Yet here is an attempt to go back to the Laurier legislation of 1903 and make secret agreements possible again.

Hon. Mr. DANDURAND: My honourable friend says "secret agreements."

Hon. Mr. HAIG: Certainly I say "secret agreements." I repeat that this kind of agreement would be made in secret. I know that it would be published for thirty days in the Gazette, and other shippers could come and demand the same rate under the same conditions. But no two sets of conditions are ever alike.

Hon. Mr. HORSEY: The rates are not secret.

Hon. Mr. HAIG: The agreements are made in secret. I repeat that.

Hon. Mr. HORSEY: The rates are published.

Hon. Mr. HAIG: After they are made. But they are made in secret.

Hon. Mr. CASGRAIN: Will the honourable gentleman permit me to ask him one question?

Hon. Mr. HAIG: If my honourable friend will wait, he will get his answer. Interruptions are not going to spoil my speech.

Hon. Mr. CASGRAIN: I am sorry. You are perfectly right. I have taken the same position myself.

Hon. Mr. HAIG: The agreement is secret when made. It is afterwards published in the Gazette for thirty days, and then it is confirmed. This is a thing to which we in Canada should be absolutely opposed. I submit, honourable senators, that no two sets of conditions can be exactly the same. Take for instance the T. Eaton Company, one of our largest importers in Western Canada. It comes to the Canadian Pacific and says, "We will give you all our business if you will quote us a special rate." Then they work out a special rate. Across the street from Eaton's is the McCreary Company. That firm does not do a hundredth part or perhaps even a thousandth part of the business that the Eaton Company does, and, because the same conditions do not exist with respect to the two companies, the McCreary Company could not get the low rate available to its big competitor. I asked the transport officer of the third largest shipper in Canada: "Why do you oppose this provision for agreed charges? Could you not get the same rate as other firms?" And the answer was: "No, because our business is of a peculiar nature. It is all over Canada, and we are not quoted rates as low as would be quoted to our competitor whose conditions are different."

I have gone through this Bill very carefully, and I think there are two underlying purposes in it: the first is to give the railroads a larger share of the transportation business; the second is to increase the freight rates chargeable by boats operating on the Great Lakes, especially from Fort William and Port Arthur eastward. Now, it is impossible for the railroads to get a larger share of L.C.L. freight without causing rates to go up. You need only read the argument made before the committee of the other House by Mr. Duncan, of Toronto, to see clearly that if the railroads had all the L.C.L. business and charged their present rates they could not carry it at a profit. And if they raised their rates, producers or dealers would combine and operate their own transportation facilities. I know of farmers in Manitoba who own their trucks, and from one year to the other they do not pay five cents for the shipment of freight other than grain, whereas fifteen years ago the same farmers were paying out hundreds of dollars in freight to the railroads. My honourable friend from Manitou (Hon. Mr. Sharpe) knows what has happened in the little town of Darlingford, for instance, in his district. Two or three truckers do all the local business there. Now, if these truckers are driven out of business by the railroads, the producers and dealers will operate their own trucks. That would be the only change.

It seems to me that this Bill would operate in restraint of trade. If the proposed legislation becomes effective, it will increase the cost of shipping grain from Western Canada to the markets of the world. It will make transportation charges higher, and therefore increase the cost of living to the consumer. If it does not do that, it will be no good to the railroads and the steamships; and if it does do that, it will injure the consumer.

Hon. Mr. DANDURAND: That is what the committee would investigate.

Hon. Mr. HAIG: It is one of the most anti-Liberal measures I ever heard about.

Hon. Mr. FARRIS: Is the honourable member an authority on that?

Hon. Mr. HAIG: I know that the practice of the Senate is to send measures of this kind to a committee where delegations may be heard. I am a comparative newcomer here and am not going to protest against that practice, but if I had my way I would throw the Bill out and not send it to a committee at all. I do not see how any delegations can change the principles underlying the Bill. We listened to delegations last year, for week after week, when we had the first Transport Bill before us, and we rejected that Bill. Here is a similar measure before us this session. It too has been opposed, just as the first Bill was, by manufacturers, producers and others. However, I shall not vote against sending this measure to committee.

May I read one or two letters that I have received from Western Canada? Here is one from the Canadian Manufacturers' Association at Winnipeg:

Dear "J. T.,"

We are advised that the Transport Bill is to be considered by the Railway Committee of the Senate. Our organization is presenting strong objections to Part 5 of the Bill, regarding agreed charges, as it is considered that this principle contains elements of unfairness to the shipping public.

Anything which you may be able to do towards having the objectionable features removed, I am sure, will be deeply appreciated by our membership.

As a senator from Manitoba I am of course deeply concerned about the welfare of our largest industry, which is farming. I want to read to honourable senators the following letter which has come to me from The Winnipeg Grain Exchange:

Hon. J. T. Haig,
The Senate,
Ottawa, Ontario.

Dear Sir,

We understand from press despatches that the Transport Bill will be introduced in the House of Commons in the near future. The despatches, however, conflict as to whether grain vessels and grain freight rates on the Great Lakes will come within the scope of the Bill.

Your knowledge of Western conditions will doubtless bring home to you cogent reasons why lake grain vessels and freights should not be brought within the provisions of the Bill. The Council of the Exchange has considered the matter very fully and we enclose argument giving reasons why grain vessels and freights should be excluded.

Inasmuch as this is a matter of great importance to the producers of Western Canada, we have addressed a letter of protest to the Hon. C. D. Howe, Minister of Transport, against the inclusion of lake grain vessels and grain freight rates within the scope of the Bill, and we sincerely trust that you will lend your support thereto.

Yours truly,

H. Gauer,
President.

The rates are outside this Bill, but the vessels are in, and these control the rates.

I have a number of other letters here from trade associations in Manitoba. I also have a copy of one from the Canadian Industrial Traffic League of Ontario. It is long, but with your permission I will read it.

Hon. Mr. DANDURAND: Read the conclusions.

Hon. Mr. HAIG: Apparently my honourable friend has read the letter.

Hon. Mr. BALLANTYNE: Hand it in.

Hon. Mr. HAIG: If that is agreeable, I am quite willing to have it appear on Hansard without having been read. But I should like to read one portion of it. These people say:

This Bill we consider to be most objectionable to the shipping public because:

1. It is essentially discriminatory.

2. It provides the medium whereby the inherent advantages of the various forms of transportation may be set aside in favour of one particular form.

3. It places the small shipper at a distinct disadvantage with the large shipper.

4. It enables the railroad systems to annihilate all other forms of transportation, regulated or otherwise.

5. It arbitrarily disrupts and disturbs the present rate-making procedure which has stood the test of time for 34 years.

6. It means an unnecessary return to private deals, all of which are harmful in the extreme and disruptive of confidence.

7. It will not aid the railroads out of their financial difficulties, but will cause further inroads into the pockets of the taxpaying public.

(That part of the letter which was not read is as follows:)

Rt. Hon. Arthur Meighen, K.C., P.C.
Re Transport Bill 31

Rt. Hon. Sir,—

Last year representatives of the Canadian Industrial Traffic League appeared before the Senate Committee on Bill B in opposition to the regulation of intercoastal traffic and the "agreed charge" section of Senate Bill B, and, thanks to your leadership, the Bill was defeated in the Senate, and for which the business life of Canada is appreciative.

This year Transport Minister Howe has introduced to the House of Commons Transport Bill 31, which again includes these most vicious features that are of a decidedly mischievous and objectionable character.

Our representatives appeared before the House Committee on Railways, Canals and Telegraphs along with the representatives of a great many other business interests and trade organizations throughout Canada, but in face of an almost unanimous protest from the business life of Canada from ocean to ocean as represented by these business and trade organizations, the Bill has been reported to and passed the House of Commons and evidently sufficient pressure is being exerted to have same become law with the pious hope that it will be the means of solving the railways' financial problem. We have yet to learn of one large, influential trade or business organization that have expressed themselves as being decidedly in favour of these "agreed charges," but in spite of what should have been a most convincing expression of opinion in opposition thereto on the part of those who have to pay the charges and the costs of transportation, the House of Commons has passed the measure, and that in face of the greatest protest we have ever known being expressed by the business life of Canada from ocean to ocean to the House Committee against the Bill.

May we request your interest in the matter again this year to the extent of having the Bill amended by the elimination of the "regulation of intercoastal traffic between the Atlantic and the Pacific oceans via the Panama Canal and vice versa," also the elimination of the "agreed charge" section in its entirety.

Whilst the latter has been greatly improved over that contained in last year's Senate Bill B, yet from practical (not theoretical) business experience we can conceive of no good being accomplished by having same become law (even if not taken advantage of), and will eventually lead to all manner of harmful practices being used similar to those existing prior to 1904 and which have since been largely eliminated.

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This Bill passed the House Committee by a minority vote, 21 out of 60 members, and no doubt the standpoint of political expediency has been influential in its passing the House of Commons. In other words the practical business life of Canada who have to pay the bills and the cost of transportation are not to be listened to when business engineering

theorists wield the party club to carry into effect some pet hobby, but business must be crucified on the cross of political expediency.

There is no necessity for either the regulation of the intercoastal traffic referred to heretofore or the passing of legislation to provide for "agreed charges" being added to the present complex rate problems of Canada, as the present Railway Act provides sufficient authority and elasticity to accomplish all that it is necessary to do by means of the "competitive" and "special" rate clauses of the Act.

For the above reasons may we request your interest and influence in having these two features eliminated from Transport Bill 31 by amendment.

We remain,

Yours very truly,

James Mayor,

C. La Ferle, President — Chairman, Special Committee on Transport Bill 31.

I have other correspondence, all expressing opposition to this measure, from Western interests and interests representative of Canada as a whole. I repeat, honourable senators, that I am convinced we should vote against this Bill, but in view of the practice of sending measures of this kind to a committee, I am willing to vote to have it go so far. I am very strongly opposed to this or any other kind of legislation which would increase the cost of getting our goods on the world markets. I am also strongly opposed to any system of agreed charges made secretly—and I say again that under the system provided in this Bill the rates would be made secretly, even though they would be published in the Gazette afterwards for thirty days. It seems clear to me that, as I have already contended, it is not of much use to tell a firm that it can get the same rate as was given to its competitor if the conditions with respect to the two firms are the same, for it will seldom happen that the same set of conditions will apply to competing concerns.

Hon. WILLIAM DUFF: Honourable senators, my opposition to any measure of the kind we have before us did not begin as recently as last year. Fifteen or twenty years ago, when I was a member of another place, I opposed a bill whose object was the bringing of ships on the Great Lakes under control so that rates could be fixed. Whether or not what I contended was effective I cannot say, but the fact is that the bill was dropped.

I think I am standing on firm ground when I say that in opposing the present measure I am doing so from a sense of duty. What is the history of this proposed legislation? In all my experience I have never seen a bill, whether introduced by the Government or a private member, receive such treatment as was given to the Transport Bill of last year. The honourable leader of the Government in this House (Hon. Mr. Dandurand) was, I presume, asked by his colleagues in the Government, or at least by one of them, to introduce Bill B, an Act to establish a Board of Transport Commissioners for Canada, with authority in respect of transport by railways, ships, aircraft and motor vehicles. It will be noticed that this Bill referred not only to railways and ships, but also to aircraft and motor vehicles. After being given second reading here it was referred to the Railway Committee of the Senate, which committee is made up of some of the brightest minds in this House. There it was given thorough consideration. As honourable members know, it is a common thing for committees to make slight changes in bills coming before them, but never to my knowledge has a bill been given such a keel hauling as was given to the Transport Bill last year. Honourable members who care to look back at the record will find that the measure which was reported to the Senate was entirely different from the one referred to the committee.

Now, honourable members, I say that there is something wrong when a bill is drafted the way the Transport Bill of last year was drafted. It seems to me that whoever was responsible for its provisions—and I know that was not my honourable friend who leads this House (Hon. Mr. Dandurand) —was not familiar with conditions in this country and did not understand the prevailing feeling with regard to all kinds of transport, and to water transport in particular. Honourable members will recall the widespread opposition there was to the measure immediately after its introduction. As the honourable junior senator from Winnipeg (Hon. Mr. Haig) has pointed out, protests came in from all over the country. And what happened to it in the Senate committee? It would take too long to go through the records in detail, but I will refer to one or two points in particular. The honourable junior senator from Winnipeg has already reminded the House that the people of the West are opposed to the regulation of rates on the Great Lakes by the Board of Transport Commissioners—the proposed new name for the Railway Board—for it was feared this would cause an increase in the rates on grain. To show honourable members that I am not taking a selfish or narrow viewpoint in the matter, I would remind them that when a delegation from the Maritime Provinces appeared before the Senate committee last year and spoke against certain features of the Transport Bill, I did not say, "So long as the Maritime Provinces are satisfied, I do not care what

happens to the rest of Canada." No. I felt that if the measure were passed it would be harmful to Canada as a whole, and therefore I opposed it. And I am opposing the present Bill for the very same reason.

In the Bill of last year there was a clause with regard to the movement of freight by ships, not only on the Great Lakes, but also in every other part of Canada. It provided—I am not quoting the exact language—that every freight and passenger boat of over ten tons on the Nova Scotia coast, for instance, would have to get a licence, and its owner could not agree with a shipper to carry goods for a certain rate until the rate had been approved by the Transport Commissioners at Ottawa. The people of Nova Scotia objected to that, and the Senate committee, in its judgment—and in my opinion it was good judgment—said it would be a foolish thing to put all the little schooners and steamers on our Atlantic coast under such a bill. So that clause was stricken out. As I said in my remarks here the other night, the Minister of Transport retreated from the front line trenches last year, not only with regard to this feature affecting the small vessels of Nova Scotia, but all along the line.

This Bill, which was printed after the Senate committee made its report, is, as I said a moment ago, in many particulars a very different Bill. I do not want to ask too much of honourable senators, but I suggest that before you consider this Bill in committee you read the four amended bills to which I have referred, and which give the whole history of the present Bill and show how time after time the Minister retreated from the position he took in the first place. If we had passed the first Bill, what would the people of this country who have tried to do business in a proper manner have thought of us legislators?

Hon. Mr. DANDURAND: But should the honourable gentleman not address his remarks to the Bill before us? The Bill of last session was amended, and further amended, and then rejected by the Senate. Of course the Minister had to note the reasons given and arguments advanced for the position taken by this Chamber.

Hon. Mr. DUFF: I appreciate my honourable friend is drawing my attention to a very technical point. In dealing with this Bill today, I submit, we are entitled to go back not only to last year, but a great deal farther, in order to arrive at a proper conclusion on the present Bill. I am sure my honourable friend, if he were not in the delicate position in which he finds himself, would not support the Bill any more than I would support it. I have a perfect right to discuss this measure from all angles and from the past, in order to show that this is not along the lines of the Bill which the Minister of Transport desired to have enacted last year.

Hon. Mr. DANDURAND: But what does it matter?

Hon. Mr. DUFF: It shows inconsistency, or worse.

Hon. Mr. DANDURAND: Oh, no.

Hon. Mr. DUFF: If my honourable friend from Parkdale (Hon. Mr. Murdock) does not object, I would say it shows the Minister's interest in the Bill.

Hon. Mr. DANDURAND: His public interest.

Hon. Mr. DUFF: I did not say what interest it was. I said his interest. Surely there is no objection to that.

Hon. Mr. HUGESSEN: Was the honourable member from Lunenburg interested in the sale of the vessel?

Hon. Mr. DUFF: Absolutely; acting for Captain Ogilvie; and I admit it. I have not a guilty conscience.

Hon. Mr. HUGESSEN: Nor has the Minister of Transport.

Hon. Mr. DUFF: How do you know? "Speak for yourself, John," as Priscilla said.

Now, then, my honourable friend (Hon. Mr. Dandurand) has referred to the fact that we are considering a Bill introduced this session. That is quite true. And what is that Bill? As I said a moment ago, it is not in the same terms as the Bill of last session. It has not as much clothes as the old Bill; it has only a bathing suit. To change the metaphor, most of the teeth are taken out of the present Bill, but not those having to do with water transportation on the Great Lakes and railway transportation. I can understand the Minister's interest in water transportation on the Great Lakes, and also in railway transportation. We must not forget that the Minister has lived for many years on the Great Lakes—a body of water that he decreed to be salt water.

Hon. Mr. DANDURAND: But we are all interested in those matters.

Hon. Mr. DUFF: I hope nobody will get mad if I say that all are interested. Of course, we are all interested. But the Minister was interested because he knew the conditions on the Great Lakes with regard to shipping, and when he was honoured by

being made Minister of railways and marine and a dozen other things, he realized the shocking conditions in which the railways were. I can understand why he was interested. And surely it does no harm for me or anybody else to speak of the Minister's interest in those matters. But why all the interest?

As I have said, another Bill was introduced in the House of Commons this year. It is now before us for second reading, but it contains no reference to the shipping of Nova Scotia and the other Maritime Provinces. Strange to say, too, Part IV of last year's Bill, with regard to highways, does not appear in the present Bill. Is it any wonder that the other day I said this Bill had been emasculated?

Hon. Mr. DANDURAND: But does the honourable gentleman insist that Part IV should be restored?

Hon. Mr. DUFF: Well, well, well!

Hon. Mr. DANDURAND: If he is satisfied that Part IV is out, why does he spend any time upon it?

Hon. Mr. DUFF: I am sorry I have not a legal mind, though I have been referred to sometimes as a "sea lawyer." I must continue my speech in my own way, but I will answer my honourable friend right now. I objected to Part IV being left in last year's Bill, and I am delighted that it is taken out of the present Bill.

Hon. Mr. DANDURAND: Hear, hear.

Hon. Mr. DUFF: I am delighted that the Minister and the committee of the other House deleted the clause in regard to shipping in the Maritime Provinces.

Hon. Mr. DANDURAND: Hear, hear.

Hon. Mr. DUFF: I am delighted that this year the committee of the House of Commons, not the Minister, deleted the clause. No credit is due to the Minister for its being stricken out.

Hon. Mr. DANDURAND: What does it matter?

Hon. Mr. DUFF: Oh, it matters a great deal in the eyes of my honourable friend, because he is a defender of the faith to-night. He is defending the Minister here.

Hon. Mr. DANDURAND: I am not. I am asking my honourable friend to remember that the Senate is now dealing with a Bill which has come from the Commons. Why should he discuss the fact that a committee of the other House made amendments to the Bill? If my honourable friend says there were amendments made which are unsatisfactory to him, well and good; let him discuss those amendments. But what does it matter to the Senate that the Bill was amended by a committee of the other House? Is my honourable friend satisfied with the Bill which is now before us? If not, we should know it.

Hon. Mr. DUFF: I am going to tell my honourable friend pretty soon what I think of the Bill. I say the fact that those clauses and chapters were cut out of the present Bill proves conclusively that whoever drafted the Bill and endeavoured to force it on the people of this country did not know business conditions. My honourable friend of course has tried to divert my attention by asking, "Are you opposed to Part IV being cut out?" No, I am no more opposed to Part IV being cut out than I am to the committee of the other House cutting out a number of other clauses.

What did that committee cut out? A delegation came up from the Maritime Provinces and said to that very sensible committee, "This is a terrible thing so far as shipping between the Maritime Provinces and the provinces of Ontario and Quebec is concerned." Without going into details, I may state they showed the committee conclusively it was a blunder to have a clause in the Bill providing that ships from the Maritime Provinces could not come any further than Father Point, on the St. Lawrence river. The committee in its wisdom deleted the clause with reference to the Maritime Provinces. But I do not believe in playing favourites. I remember my mother saying to me once when I wanted a bigger apple than my brothers and sisters: "There is no favouritism here. There are no stepbairns in my family. You will get the same size of apple as your brothers and sisters." I contend this Parliament has no right to treat Nova Scotia, Prince Edward Island and New Brunswick differently from British Columbia, yet under this Bill as amended, not by the Minister of Transport or by the Cabinet—of which my honourable friend is a very influential member—but by a committee in another place, British Columbia ships would be discriminated against. That committee said, "It is not fair not to allow Canadian ships to go from the Maritimes up the St. Lawrence river to Toronto, Port Arthur and Fort William." But, the Bill having been amended to prevent that unfairness, I ask: Is it fair that ships from Vancouver, Prince Rupert, Victoria or any other British Columbia port should not have the same privilege as vessels from our Atlantic

ports? I submit that if it is just and equitable that the clause with regard to the shipping of the Maritime Provinces should be cut out, it is also just and equitable that Canadian vessels from the Pacific coast should receive similar treatment. That is, a vessel, say, loading lumber in a British Columbia port should be allowed to come through the Panama Canal and up the coast to the St. Lawrence and land its cargo in Toronto or at any other Canadian port on the Great Lakes.

Do honourable members appreciate what is going to happen if British Columbia shipping is not treated the same as shipping from our Atlantic ports? Unless the Bill is defeated —as I hope it will be—British Columbia will lose its lumber trade and Seattle will get it. As a Nova Scotian I will not stand in my place in Parliament with folded arms and say: "Thank God, they have excepted Nova Scotia vessels from the operation of the Bill. What do I care what happens to vessels from British Columbia or any other part of Canada?"

As I have already stated, honourable members, this Bill does not contain a single word about highway traffic. The whole chapter in the former Bill dealing with that traffic is gone out slick and clean.

What is the reason for this Bill? As my honourable friend the junior member from Winnipeg (Hon. Mr. Haig) said, "Who asked for it?" Never before was a Bill introduced either in this House or in the Commons without public opinion demanding it. Indeed, sometimes it is hard to get governments to introduce legislation after repeated public demands for it year by year. Who asked for this legislation? My honourable friend says our boards of trade, our chambers of commerce, our shipping interests, our business men, our farmers, even our railways, did not ask for it. Honourable members know as well as I do that the only persons who appeared before the committee of the other House or in any other place in support of the Bill were the representatives of the railways. Of course, we all know that when objection was made to the Bill we were assured that freight and passenger rates would not be higher. But, I contend, the only reason for this Bill is to increase railway rates. There can be no other reason.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. DUFF: There can be no other reason than to increase the freight rates both on the railways and on certain ships on the Great Lakes.

Hon. Mr. DANDURAND: Will my honourable friend allow me?

Hon. Mr. DUFF: Sure.

Hon. Mr. DANDURAND: The very basis of agreed charges is a reduction of rates.

Hon. Mr. DUFF: My honourable friend cannot get away from the argument with that sophistry. I have had to do business with railways myself, and I have also had a little to do with ships.

Hon. Mr. CASGRAIN: A great deal.

Hon. Mr. DUFF: No, just a little.

Hon. Mr. HUGESSEN: Too much.

Hon. Mr. DUFF: Yes. I never got seasick anyway. As I say, I have had something to do both with railways and shipping, and I tell my honourable friend that until Sir Wilfrid Laurier introduced the legislation which is now known as the Railway Act, whenever a little steamer came into competition with the railways, the railways cut their rates, not 10 or 20 per cent, but 50 and even 100 per cent, until they drove that little steamer off the route. As my honourable friend from Pictou (Hon. Mr. Tanner) knows, this happened to ships plying from Halifax to Bridgewater or from Halifax to Yarmouth in the old days. Directly that water competition was stifled what happened to the railway rates? They went sky-high. Oh, yes, it is all very well to say sanctimoniously: "We are not going to increase the rates. Agreed charges will cut the rates." Yes, in order that the railways may get their own way to increase them later on. I do not blame the railways at all—if they can get away with it.

This Bill interferes with shipping. The Parliament of Canada should not interfere with the shipping rates which our ship-owners charge to merchants and others for handling their goods. My honourable friend from Cardigan (Hon. Mr. Macdonald), who has been in the shipping business, knows that on some trips you have to take a loss. When there is plenty of tonnage, and you are eager to get a cargo, you will take it at a low rate; but next year perhaps conditions will be reversed and rates will get back to a profitable basis. I say the Government has no right to interfere with the shipping interests of this country, which are in an entirely different position from the railways. It may be urged that some years ago a Grit Government appointed a Railway Commission to regulate railway rates. True. But you and I own the railways. We have paid for every railway in this country with money and with sweat. Look at the money we put into the Canadian Northern, the Grand Trunk Pacific, the Canadian Pacific, the Intercolonial, the Halifax and Southwestern, the Dominion Atlantic. To all these railways we gave money and land—made grants of every kind. Conse-

quently we had a right to say to the railways, "We are going to appoint a commission to regulate your rates."

Hon. Mr. CASGRAIN: The Railway Board.

Hon. Mr. DUFF: Yes. But the shipping business is on an entirely different footing. Ships are private property—except the Canadian National steamships, which I will not discuss at the moment. Our ships on the Great Lakes, on the St. Lawrence, on the Pacific coast and on the Atlantic coast are all privately owned and operated. Therefore no legislature, I do not care whether it be this Parliament or any other, should say to those who have invested their capital in shipping and taken their chance of losing or making money, "We are going to appoint a board in Ottawa to which every Canadian ship-owner must submit his rates for approval." I say it is none of this Parliament's business to pass legislation of that character. The matter is entirely between the ship-owner and the shipper of the goods. We have too much paternalism in this country. Why, a person has to keep taking out licences to do this and that, until he hardly knows where he stands. It is time we put a stop to this and allowed business to be carried on in a proper manner.

What did I hear with regard to the present depression when I was in the United States a fortnight ago? Every business man I spoke to had the same answer: "If the Government would only let us alone, if we did not have all these regulations requiring us to go to some board or official before we can move any goods, we should get along very much better. The sooner the Government minds its own business and attends to the functions for which it was intended, the better it will be for the great United States of America." Such is our position here so far as shipping is concerned, and the Government should not attempt to say what a ship-owner should charge for a cargo.

I repeat, shipping is entirely different from the railways. Under this Bill it is proposed to allow the railways to make what are called agreed charges; that is, special rates. Those rates must be submitted to the Board of Transport Commissioners here for approval. They may say, "Oh, no, we will not agree to those rates." What will be the result if, after shipping one load of goods, you cannot ship the other five? It will mean that the man with whom you made the bargain will have an action against you.

Under this law you do not know exactly what is going to happen in the shipping trade. I said a moment ago that those who introduced the Transport Bill last year had this year retreated from the ground they previously took. Perhaps I shall be pardoned if I say that as a sop to the Western farmers they cut out, in the committee in the other House, the clause of the Bill governing grain rates. My honourable friend (Hon. Mr. Dandurand) may ask me, "Don't you want that cut out?" Certainly I do. But in view of the fact that a committee of Parliament cut out that clause, the highway clause, and the Maritime clause, I say the whole Bill should be thrown out and that the people should be allowed to carry on business in their own way.

Not only is this Bill attempting a regimentation of the people of this country in such a way as to interfere with trade in the matter of freight rates, shipping, etc., but it is attempting to drive the trade of this country to foreign ports. It proposes to establish a Board of Transport Commissioners. Not long ago the Department of Transport set up in the city of Ottawa a board known as the Central Harbours Board. This board is absolutely unnecessary, and is nothing more nor less than a fifth wheel to a wagon, but the people of this country, the shippers, whether they are in Winnipeg, Vancouver, Halifax or Saint John, have to pay through the nose. What has happened under the regulations of the Department of Transport with respect to harbours is going to happen under this Bill. Although every harbour of any importance had a harbour board of its own, this central organization was set up. Has it saved any money? Not at all. It has raised the harbour dues—the top wharfage and the side wharfage—not 10 per cent, not 50 per cent, not 100 per cent. Three or four months ago it set a schedule increasing the fees 500 or 600 per cent. The result was that the owners of ships that had been calling at Halifax said, "We are not going to call there any more," and the ship-owners and the business men of Montreal and other ports protested until the Minister had to crawl and reduce the rate. But even yet the dues are a hundred per cent more than they were two years ago.

My honourable friend (Hon. Mr. Dandurand) said a moment ago that the railways were not going to raise their rates. What notification did they send out to the shippers a fortnight ago? They said, "In the past we have absorbed the top wharfage at Montreal, Halifax, Saint John and Vancouver, but after the 1st of July you will have to pay it."

An Hon. SENATOR: Hear, hear.

Hon. Mr. DUFF: That means, in my opinion, honourable senators, that the people of Canada, particularly those of the West and

of Ontario, are going to send their goods not to Montreal, Saint John and Halifax, but to Portland, Boston and New York, where there are no such excessive charges.

An Hon. SENATOR: Hear, hear.

Hon. Mr. DUFF: That is what this Bill means.

There is only one reason why this Bill was ever introduced. When the Minister came into office he realized that there was a deficit of $60,000,000 a year, or so, on the Canadian National Railways. He came into office without having earned his way from the fo'c'sle to the quarter-deck of Parliament, as some of us have done. He came in as a new man. He was amazed to find what conditions were, and without thinking of the general good of the public of Canada he had the Bill introduced in the Senate last year in order to try to regulate the rates on the railways, on the lakes and on the highways.

Who is to blame because there are so many trucks on the highways to-day? It is the railway officials. If they had been a jump ahead of themselves, as they should have been, the railways could have had most of the truck and bus business. But the officials of both railways, not only of the Canadian National, but also of the Canadian Pacific, sat down in their offices and allowed the truckers to purchase trucks and draw the freight, and they let the buses take the passenger traffic away from them. And now the Minister is going to crucify the general public of Canada to try to make up for the mistakes of the railway officials. I say that in the interest of the people as a whole this Bill is not fair; it is not good legislation; and one reason why I am against it is that in my opinion it is not Liberal legislation. It is real old Tory legislation of four hundred years ago.

Some Hon. SENATORS: No, no.

Hon. Mr. DUFF: Well, then, it is not Conservative legislation. It is all bad, and I cannot understand why it is introduced into Parliament at this time. It is not right that the people of the country should be hamstrung by legislation of this kind. Whether you are a shipper of potatoes, of fish, or of anything else, it is not right that you should have to telegraph or telephone to Ottawa to get a rate before you ship, or that, if you ship without doing that, the rate may be cancelled by the board. I say the people of this country should be allowed to do their own business in their own way. They should be permitted to make their own arrangements with the shipping companies, the railway companies or anybody else, so that business may flow with the least possible obstruction, whether it be by way of top wharfage, side wharfage, or anything else.

I opposed the legislation of last year, and I oppose the legislation now before us. I do so because the people in the Prairie Provinces and British Columbia are not being treated like the people in Nova Scotia. It is not enough that we in the East should be left out of the Bill. This exemption does not satisfy me. I am not built that way. I say every part of Canada should be treated equally, and the legislation should be for Canada as a whole. I regret that it is necessary for me to take this stand. Nevertheless, I feel that it is my duty to oppose the Bill, and I intend to do so to the utmost, in spite of what has been said, and the inferences and insinuations about me in relation to another matter. That is the smallest thing I ever heard of. My record of forty years in public life shows whether I am small and mean and narrow or not; it shows whether I have worked for the best interest of the country or have tried to advance my own selfish ends in connection with this or any other legislation brought before the Parliament of Canada.

Hon. Mr. DANDURAND: I simply desire to say one word concerning this Bill. The Bill is divided into five parts, the most important of which relates to agreed charges. This subject, which has been referred to by my honourable friend from Lunenburg (Hon. Mr. Duff) and by the honourable the junior senator from Winnipeg (Hon. Mr. Haig), will be examined into minutely in committee. In the meantime I may say that in Great Britain the principle of agreed charges has been accepted, and the railways have been authorized to make them. There is no constitutional difficulty there such as we have in Canada, and I understand the railways are allowed to compete with the truckers. In Canada, on the other hand, while the trucks are unregulated, the railways are absolutely shackled. They see their freight leaving them, to be transported by road. This is a matter of considerable importance to Canada. We all know what the situation is with respect to our railways.

My honourable friend from Lunenburg (Hon. Mr. Duff) says this is the railways' own fault —that they have not looked ahead; but we must take conditions as we find them. It may be that the Bill can be amended. I am sure the Government would welcome amendments if they would improve the Bill. My honourable friend compares the Bill with the

one of last year, and fights with that shadow. This Bill has bettered conditions in the Maritimes, as my honourable friend admits, though he claims British Columbia should receive similar treatment. This is something for the committee to decide.

I could very easily extend these few remarks, but I think we should send the Bill to committee, and perhaps discuss it further on the third reading. I move the second reading of the Bill.

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

DIVORCE BILLS

SECOND READINGS

On motion of Hon. Mr. McMeans, Chairman of the Committee on Divorce, the following Bills were severally read the second time:

Bill H3, an Act for the relief of Stella Maud Lash Dawes.

Bill I3, an Act for the relief of Elizabeth Dubnitsky, otherwise known as Elizabeth Dubney.

Bill J3, an Act for the relief of Harry Roth.

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

THE SENATE

Tuesday, June 14, 1938.

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

Prayers and routine proceedings.

CONSULAR SERVICE

INQUIRY

On the notice by Hon. Mr. Casgrain:

That he will inquire of the Government why Canada has no consular service, and that he will draw the attention of the Senate to the services that consuls could render to Canadians.

Hon. Mr. CASGRAIN: I would ask that this inquiry stand until the Senate has sufficient leisure for me to deal with it. I have spoken on the question before, and I am always ready to reread the Senate Hansard to honourable members.

Some Hon. SENATORS: Oh, oh.

BRITISH GOVERNMENT AVIATION TRAINING SCHOOL IN CANADA

INQUIRY

On the Orders of the Day:

Right Hon. ARTHUR MEIGHEN: Honourable senators, at this point I should like to ask a question of the honourable leader of the Government (Hon. Mr. Dandurand). I have not given him notice of the question, and while I should be glad to have an answer to-day, I shall of course find no fault if it does not come until to-morrow.

I have received information to the effect that within recent months the British Government has made a request to the Government of Canada for permission to establish, wholly at the expense of the British Government, a training school in Canada for flyers. One can understand that on account of the large open spaces such a location might be desirable for the purpose of such training. The request, I am advised, has been made on two occasions and refused by the Government of Canada. I would ask whether the information has any truth in it, and, if so, why the request is refused.

Hon. RAOUL DANDURAND: I am quite ready to confess to my right honourable friend that for several reasons I cannot at this moment answer his question. He occupied this position for a number of years and was sometimes unable to attend Council, so much was he engrossed with the work of the Senate and of its committees.

Right Hon. Mr. MEIGHEN: Yes.

Hon. Mr. DANDURAND: I am in the same position to-day. So I must ask my right honourable friend to give me twenty-four hours in which to furnish an answer to his question.

DIVORCE BILLS

THIRD READINGS

On motion of Hon. Mr. McMeans, Chairman of the Committee on Divorce, the following Bills were severally read the third time, and passed, on division:

Bill H3, an Act for the relief of Stella Maud Lash Dawes.

Bill I3, an Act for the relief of Elizabeth Dubnitsky, otherwise known as Elizabeth Dubney.

Bill J3, an Act for the relief of Harry Roth.

PRIVATE BILL—INTERNATIONAL HIGHWAY FORWARDERS

SECOND READING

Hon. E. S. LITTLE moved the second reading of Bill Z2, an Act to incorporate International Highway Forwarders.

He said: Honourable senators, it is my intention not to discuss the merits of this Bill at any great length, but to ask, with the indulgence of the House, that after being given second reading the Bill be sent to the Committee on Railways, Telegraphs and Harbours, so that the petitioners and certain elements of public opinion which are in favour of the Bill may be heard.

As, no doubt, virtually all honourable members are aware, there has been a great deal of adverse criticism in the press, following immediately upon advertisement of the petition for the Bill. Much of that criticism has since been withdrawn, and I have under my hand copies of resolutions from the Hamilton Chamber of Commerce, the City Council of Kitchener, and several other municipalities, as well as from boards of trade, asking that the resolutions which they forwarded to members of the House of Commons and the Senate be withdrawn because they have further information with regard to the Bill and are now favourably disposed towards its enactment.

The policy of the United States Government with respect to transportation is to foster and encourage for the public benefit the development of the economic advantages and inherent characteristics of each form of transport. The principle of Bill Z2, which concerns United States carriers only, is in accordance with that policy in so far as it relates to in-transit movements from one part of the United States to another part therein, through Canada.

The Consolidated Departmental Regulations, Series D, No. 8, Supplement No. 2, dated January 30, 1936, of the Customs Division of the Dominion Department of National Revenue, in respect to the amendment of section 8, are so designed as to frustrate the policy of the United States Government and to discriminate in favour of United States railways against United States motor carriers, so far as the in-transit movement is concerned. I am reliably informed that the United States Government is making representations through the usual diplomatic channels, at the request of at least two interested states as well as several United States nation-wide organizations.

In view of what I have just stated, it is requested that the Bill be given second reading and be referred to the Standing Committee on Railways, Telegraphs and Harbours, with the understanding that discussion with respect to the principle of the Bill shall take place on third reading.

The Bill creates no dangerous precedent, as it deals wholly with the in-transit movement from one part of the United States to another part therein, and this is the only point on the international boundary that is at present affected or could be affected for many years to come. Neither does the Bill create any monopoly or exclusive privileges, as anyone is at liberty to seek the same permission. It must be borne in mind that this legislation would not grant authority to operate, but would merely allow merchandise to pass through the ports of Fort Erie and Windsor in bond. The sole authority for the actual operation is at present vested in the province of Ontario and the Interstate Commerce Commission of the United States.

The people interested in this Bill, the motor transport people, are a larger body of the public than are the employees of the railways in Canada. The business which it is intended to handle, if this Bill should carry, is business which is not now coming, and cannot come, to the railways of Canada.

The Senate has at all times prided itself on the fact that in relation to public matters it gives to interested parties, whenever possible, a chance to state their views. I therefore humbly request that the Senate accede to my suggestion, accept this Bill for second reading, and refer it to the Committee on Railways, Telegraphs and Harbours.

I move the second reading, seconded by Hon. Senator McGuire.

Hon. RAOUL DANDURAND: Honourable senators, I am sorry indeed that I cannot comply with the request of my honourable friend to allow the motion for second reading to pass and have the Bill examined by one of our standing committees. I believe that if I lay before the Senate the opinion that I have received from the Departments of National Revenue and of Transport this will be sufficient to enable honourable members to decide on the principle at this very stage.

Hon. Mr. CASGRAIN: Is it a private Bill?

Hon. Mr. DANDURAND: It is a private Bill.

I have a general statement here, which I will read.

1. The Bill provides for incorporation of the applicants for one specific purpose only, i.e., the transportation in bond, by highway motor vehicle, of merchandise in transit between Detroit and Buffalo over King's Highway No. 3

in the province of Ontario, through the Canadian Customs ports of Windsor and Fort Erie.

2. The applicants through the medium of a private Bill seek to override by legislation, "notwithstanding anything in the Customs Act," a well established policy of the Department of National Revenue to refuse to allow a general movement of merchandise in bond by means of highway transportation. If passed, the Bill is certain to be a forerunner of many similar applications.

3. The traffic between Detroit and beyond and Buffalo and beyond is highly competitive, being served by railways, water lines, and highway transport (south of Lake Erie).

4. The present transportation facilities between Detroit and Buffalo, through Ontario, are more than adequate to take care of all traffic demands. Five railways, viz., the Canadian National, Canadian Pacific, Michigan Central, Père Marquette and Wabash Railways, are rendering an excellent through and local service in this territory.

5. To authorize additional transportation companies, be they railways, water lines, or highway motor lines, to carry goods in bond between the Detroit and Niagara frontiers would result in an unjustifiable duplication of transportation facilities at a time when the country is demanding relief from existing duplications.

6. In section 5 of the Bill it is set out that the traffic to be handled by the applicants will be received from United States motor carriers at Detroit and Buffalo for through movement between such points. No benefit whatever will accrue to Canadian shippers from applicants' operations, and the advantage therefrom will accrue directly or indirectly to the United States motor carriers from whom traffic will be received, inasmuch as the highway distance between Detroit and Buffalo via King's Highway No. 3 through Ontario is approximately 100 miles shorter than through the United States.

7. The benefits which would flow from the purchase in Canada of trucks, gasoline, etc., and the employment of Canadians, as provided for in section 7 of the Bill, would be more than offset by the decrease in purchases by, and employment in, already established transportation agencies, which, as already stated, are at present furnishing more than adequate transportation facilities.

Those are the general objections to the Bill. Here are special objections which come from the Department of National Revenue, Customs Division.

Right Hon. Mr. MEIGHEN: Excuse me, but was the other statement not from that department?

Hon. Mr. DANDURAND: No; that was from the Department of Transport. This is from the Department of National Revenue, Customs Division:

Re Bill Z2, an Act to incorporate International Highway Forwarders.

The above Bill is designed to incorporate under the name and style of International Highway Forwarders a company with a capital stock of five hundred thousand dollars divided into 2,500 shares of six per cent preferred stock and an equal number of shares of common stock, each of a par value of $100. The head office of the proposed company is to be at St. Thomas, Ontario, and its powers are to be in part as follows. I quote from section 5 (1) of the Bill:

"5 (1) Subject to the proviso at the end of this subsection, the Company may transport in bond, by motor vehicle, merchandise received from any United States motor carrier duly licensed by the Interstate Commerce Commission, in transit from Buffalo in the state of New York in the United States of America to Detroit in the state of Michigan in the United States of America, and from Detroit in the state of Michigan in the United States of America to Buffalo in the state of New York in the United States of America, through the customs port at or near the town of Fort Erie in the province of Ontario and through the customs port at or near the city of Windsor in the province of Ontario, as to the whole via the highway at present designated as the King's Highway Number Three in the province of Ontario, subject to any detour ordered by the Department of Highways for the province of Ontario on any portion of the said King's Highway Number Three, and as to the whole notwithstanding anything in the Customs Act and without payment of customs duties in Canada upon such merchandise so received and upon the same terms and conditions as are at present enjoyed by railway companies in Canada."

The proviso with which the quoted subsection concludes is that the company shall be authorized by the Ontario Government to operate vehicles on the highway in question. By the subsection in question, which is the operative clause of the entire Bill, it is proposed to empower a corporation which is to be the creature of the Dominion Parliament, to do something which, as the language of the Bill admits, only the provincial legislature can authorize. The purpose of this memorandum, however, is not to deal with that point, but to formulate the grave objection of the Department of National Revenue to the passage of the Bill in its present form.

In the first place it is submitted that no private corporation should have in its charter any such phrase as "notwithstanding anything in the Customs Act," and the Bill in question seeks to convey to the incorporators special privileges not possible under the Customs Act. It is obvious that if such privileges were so conveyed to this particular company, they would immediately be followed by others seeking similar privileges, which it would be impossible not to grant.

The Department deems the Bill objectionable from the standpoint of practical administration, for reasons which are set out in detail in the attached memorandum.

H. H. Ellis,
Departmental Solicitor.

This is the memorandum for Mr. H. H. Ellis, the Departmental Solicitor:

"In Bond" Goods—Transportation by Truck as compared with Transportation by Rail

The overland transportation of "in bond" goods is restricted to regularly authorized bonded carriers, who have complied with the regulations established by the Governor in Council under section 285 of the Customs Act, which reads as follows:

"285. The Governor in Council may, from time to time, and as occasion requires, make such regulations as to him seem meet, with respect to goods conveyed directly through the Canadian canals or otherwise, by land or inland navigation, or in or on railway cars, from one part of the frontier line between Canada and the United States to another, without any intention of unlading such goods in Canada; and he may cause such bonds or security to be given, or such precautions to be taken, at the expense of the owner or person in charge of such goods, whether by placing officers on board any such vessel, railway car or carriage, or otherwise, as to him seems meet."

By various Orders in Council passed since March, 1883, which have been consolidated in Order in Council (P.C. 27/1108) dated May 15, 1937, it is provided that—

"Sec. 19. Each railway company, before being permitted to manifest goods in bond, shall enter into a general bond to be duly executed in the penal sum of eighty thousand dollars, conditional for the due and faithful production at the respective ports of destination in Canada of all packages passing over such road under manifest, and for the general compliance with the Customs laws and regulations governing such traffic.

"Sec. 20. All railway companies shall provide secure and commodious sufferance warehouses and other necessary premises in connection with their stations at every Customs port or outport, for landing, storing, transferring, delivering and forwarding bonded goods; also suitable office accommodation, with fuel and light, for the officers of Customs appointed to attend such stations. All such premises shall be made secure to the satisfaction of the collector or other proper officer of Customs."

Provision is made for reports at the frontier port of arrival, for the checking of carloads on arrival, for the preparation and cancellation of manifests issued upon interior ports, for the sealing of the merchandise en route, for its storage pending Customs entry in any one of hundreds of sufferance warehouses at interior points built and maintained by the bonded carrier, as well as for the marking, numbering or other means of describing imported packages.

From the foregoing it will be clear that an expensive and elaborate system has been evolved through the years, the primary object of which is to protect the revenue and ensure that all imported goods which reach the frontier are not permitted to pass beyond that point until every possible precaution has been taken to see that those goods will reach their destination, and in the same condition.

The Department objects to the movement of "in bond" goods by motor truck, particularly in view of (a) the lack of facilities for handling such goods, both at frontier ports and at destination; (b) the utter absence of control of the movement of the transporting vehicle; (c) the insecurity of the vehicle itself, and (d) the replacement of the present unified and stable system of transport by one in which the participants would be diversified and keen competitors whose numbers would be constantly changing as a result of failures, mergers, divisions and additions.

If the transportation of "in bond" goods were to be placed in the hands of motor truck concerns, each one would insist upon the erection of its own sufferance warehouse both at the frontier and at interior ports. At ports of entry like St. Stephen, N.B., Windsor, Niagara Falls, Fort Erie, Sarnia, Ont., Emerson, Man., and Pacific Highway, B.C., it is not difficult to visualize the possible number of separate sufferance warehouses, the operations of which the Department would have to supervise. Again, at interior ports like Toronto, Montreal, Hamilton, Winnipeg and many others, a similar situation would develop, involving an expensive staff expansion. None of these concerns have any of these facilities at the present time.

The movement of the present bonded carrier is restricted to rail routes fenced in and under the complete control of the operating company so that the public has no access to the vehicle while en route, and the vehicle cannot depart from its prescribed run. Motor trucks use public highways, can travel between two points by any one of the number of routes available and can be diverted at the will of the driver. Railway cars are at all times under the direct control of a trained, experienced and responsible official of the company. Generally speaking, motor trucks are operated, controlled and driven by one person whose sole qualification for the position may be the possession of a motor vehicle operator's provincial licence.

Railway cars are all of substantial construction, of a weight and strength sufficient to withstand long and strenuous service. Their facilities for security and for sealing are well known. Motor trucks can be similarly built, but the general and almost universal tendency is to construct lightly to save original cost and avoid any weight which would add to the cost of motive operation. At present many expedients are resorted to by way of protection of the goods carried, from tarpaulins only to enclosed jobs with or without doors. If the Department had to administer the movement of "in bond" goods by truck, it would be practically forced to definitely specify the particular protective type of body which would be acceptable, and this would lead to impossible situations involving provincial jurisdiction.

The present system embraces a unified control with a stable system which affords every possible protection to the revenue. Motor truck concerns are existent in great numbers, some operating one truck and others many. The number of bonded carriers would reach the hundreds, and would be constantly changing due to additions, mergers, failures, etc., as evidenced by the changing records of these companies over the past few years. There would always be present the danger of including as a bonded carrier motor vehicle concerns of very doubtful financial responsibility.

It is further pointed out that while the transportation of "in bond" goods is now under the control of Canadian institutions, the transfer of this movement to motor trucks would be rapidly followed by the institution of international trucking concerns with head offices outside of Canada operated by non-residents.

Summarized, the Department's objections to accepting motor vehicles as bonded carriers are:

1. No provision in the existing regulations for their acceptance.

2. If permitted, the administration difficulties to be faced would very seriously hamper the Department in performing its primary function of protecting the revenue, doubtless with attendant losses.

3. If permitted, the expense of difficult administration would be excessive, and would involve an increase in staff which would be

governed only by the number of additional bonded carriers and sufferance warehouses operated thereby.

4. The acceptance of the principle of transportation of goods "in bond" by motor truck merely transfers this operation, or a large portion of it, from the economical and well regulated and controlled purely Canadian system now in force, to one of undetermined expense, of doubtful security, and in which the whole interest could not be maintained as Canadian.

P. L. Young,
General Executive Assistant.

That is the situation which confronts us, and I think that in-bond transportation by truck would afford so many facilities for evasion of customs duty as to justify the Senate in not agreeing to the motion for second reading. In my view no such legislation should be brought before this Parliament by private Bill. Any change of policy in the Department of National Revenue should emanate from the Minister of that department. I think this is the proper practice, and therefore, in order to test the opinion of the Senate, I move:

That this Bill be not now read a second time, but this day six months.

Hon. W. H. McGUIRE: Honourable senators, I have listened to the statement from the solicitor of the Department of National Revenue, but I failed to notice much reference to the law. He gave a long explanation in regard to the management of the department and the possible inconveniences to be expected—

An Hon. SENATOR: As usual.

Hon. Mr. McGUIRE: —if trucks were to carry goods in bond all over Canada. But this Bill has nothing to do with any such proposal. The petitioners desire to transfer goods originating in the United States to and from Fort Erie and Windsor; in other words, to and from Buffalo and Detroit.

As my honourable friend from London (Hon. Mr. Little) has said, the Act under which the United States Transport Department functions has reference to all the different modes of transportation. At present United States carriers have the right to transport goods from Detroit to Buffalo over the Michigan Central, which is an American railway; also by air. The purpose of this Bill is to enable goods originating in the United States to be transported by truck over the same territory. I am told that, for instance, goods coming to Buffalo by road are transported by truck south of Lake Erie to Detroit and beyond, the distance by that route being greater by more than 100 miles. The parties behind this Bill have asked Canadians to incorporate a company in Canada, to have that company manned by Canadians, to build their trucks and other conveyances in Canada, and to have the business done wholly by Canadians across Canada over this much shorter route.

The reason why the Bill says, "Notwithstanding anything in the Customs Act," is apparently that the Act was passed about 1883, when there was no knowledge of trucks. I have looked at that statute to-day and find that the interpretation clause reads:

Vehicle means any cart, car, wagon, carriage, barrow, sleigh or other conveyance of what kind soever, whether drawn or propelled by steam, by animals, or by hand or other power, and includes the harness or tackle of the animals, and the fittings, furnishings and appurtenances of the vehicle.

I think that is broad enough to cover any sort of vehicle.

In 1935 regulations were passed which permitted what is proposed in this Bill—the transport of goods in bond by motor vehicle. However, in 1936 the department changed its mind and issued a memorandum which prevents goods in bond from being transported by that means. Apparently the department considered itself quite capable of changing the regulations even when there was no amendment of the Act, for it has done so twice in the last two years.

This Bill would authorize the incorporation of an ordinary commercial company. The only difference between it and the ordinary corporation is that it is restricting itself to the carrying of goods from Fort Erie to Windsor. The company is to be subject to the Department of National Revenue and will give any bond the department asks for. The department may appoint the sort of conveyance or truck to be used. The company is to comply with the law of Canada and the law of the province of Ontario. There is nothing unusual about it, but apparently there is some objection from the railway companies.

I do not think this Chamber has heard much with regard to differences of opinion between different kinds of carriers in the past, but it looks as though it would in future, because the people in Canada connected with the trucking business are to-day more numerous than those connected with the railways, and, I submit, should be considered.

There is, I understand, no objection from the province of Ontario to this business being carried on over No. 3 highway.

I see no good reason why the Bill should not go to the Standing Committee on Railways, Telegraphs and Harbours, the members of which are now so well seized of all matters concerning railways. It can be discussed

there, and those who are promoting it can be heard.

There has been a controversy in the different towns and cities of southern Ontario with regard to this matter. Apparently, once it was mentioned the railway men objected. It has been explained, I am told, to the councils of those different towns and cities, and I understand that most of them have rescinded the resolutions they passed in the beginning. I think the motion should pass.

Right Hon. ARTHUR MEIGHEN: Honourable members, I am not rising to support the Bill, but, with great reluctance, I must oppose the amendment. The three memoranda which were read were, to one who heard discussion on the subject for the first time, rather overwhelming. The only suggestion I would make regarding them is that the leader of the Government should see that officials preparing memoranda to be read in Parliament make them brief and cogent, so that a quorum may have a chance of remaining awake during their entire presentation.

Some Hon. SENATORS: Oh, oh.

Right Hon. Mr. MEIGHEN: The course which the honourable leader of the Government takes in asking that on the motion for second reading the Bill should be defeated by means of the six months' hoist, instead of being allowed to go to the appropriate committee, is quite different from the course usually pursued in this House. I question my honourable friend's decision.

Hon. Mr. DANDURAND: Will my right honourable friend allow me to say that with the information of two departments before me I referred the matter to the Government, and I have received from the Government a mandate to oppose the principle of this Bill? This means that the Bill, if we decide to send it to the House of Commons, will meet with the opposition not only of the two ministers who have responsibility in this matter, but of the Cabinet itself. That does not preclude us from expressing an opinion, I know; but as the Bill manifestly cannot pass this session—according to the information I have, it cannot pass the Government or the Commons—I thought perhaps the shorter route would be to have the Senate express its opinion on the principle of the Bill on the motion for second reading.

Right Hon. Mr. MEIGHEN: I have no doubt that the route would be shorter if the Bill were defeated; but I have great doubt as to the wisdom of taking that route. I would point out again that the duty of this House is to seek with all the industry it can apply, and all the intelligence it possesses, to determine on the merits the proper course to take with any measure. It should not be our endeavour to make the closest guess we can as to what is the will of the Government.

As to this Bill, I do not think I am going beyond the mark in saying that I am predisposed against it. But I may be convinced. It is not inconceivable that the Government might be convinced, although, of course, the process would be a more arduous and difficult one. I am in this position. The promoters of the Bill sought to interview me with regard to its merits. As is my usual practice, I declined. I find it quite impossible to listen twice to the story in relation to any measure. I said: "It is the practice of our House to refer these matters to committee. You will have a chance to tell your story then. I shall be present, if I can, to hear it. But I cannot hear it twice."

Hon. Mr. DANDURAND: I have taken the same attitude.

Right Hon. Mr. MEIGHEN: It does not seem to me fair to say now, "We will not let you go to the committee." Had I heard representations from these people, I might have found them as persuasive as were the three memoranda from departmental officials. I do not know. Even now, different statements of fact are made. The honourable leader of the Government, in quoting the officials, declared that Canadian railways could transport these goods; that there were ample facilities. The mover of the second reading said that if this Bill did not pass our railways would not and could not get the traffic anyway. On that point there is a dispute as to the facts.

Hon. Mr. DANDURAND: The trucking companies having that merchandise would go a hundred miles farther, around the south side of Lake Erie, in order to keep the business in their own hands.

Right Hon. Mr. MEIGHEN: If that is the case, our railways would lose nothing and there would be no need for the mourning which was so much in evidence in the memoranda. There is clearly a contradiction on the facts there. I do not know who is correct.

I also call this to the attention of the Government, because it might be more readily persuaded if reasons were adduced from the standpoint I now mention. Does it not appeal to the leader of the Government that this Bill, if it has no other merit, or this company to be, if it has no other pur-

pose in life, may do something for the great objective of freeing the channels of trade and promoting a greater movement of goods between the two countries? The Bill may even become entitled to immortality by serving the sacred cause of economic appeasement. It is all in that line. Still we find a Government which is disposed to favour this principle refusing to listen to the merits of the measure as they might be explained by its proponents before a committee.

The leader of the Government says, "I think it is a sound principle that bills affecting public policy should in every case be proposed by the Government and be made Government measures." I am always glad to see reform, but I am suspicious when it comes so suddenly. Certainly reformation never before came in a flood, as it has come here. Why, even since we slept last, we have had the Government not only permitting but encouraging the introduction by a private member of a bill affecting public policy as respects electricity and the export of power, thereby avoiding its own responsibility. But now, because this present Bill must be defeated, we are told that all such measures should be sponsored by the Government, for they affect policy. Reform is good, but sincere and permanent reform usually comes by slower processes. It does not come in a flood like this. These considerations surely should be taken into mind by the members of the Administration.

I know the Railway Committee is crowded with work, and I notice that the chairman of that committee, maybe by reason of fatigue, has seconded the motion for the six months' hoist. But the Committee on Private Bills—for this is still a private Bill—could hear representations on this measure. It would not be at all improper that it should do so. Then the promoters of the Bill would have no complaint. If they have something to say as to why the Bill should pass, they would have a chance to say it, and the Senate would have adhered to its tradition and its practice. If what is said by the authors of the memoranda which have been read is anywhere near the truth, the Bill will be lost in committee. Sincerely and earnestly I ask the leader of the Government to consider again whether it would not be better to let the Bill go to the Private Bills Committee and meet its fate as others have done before.

Hon. JAMES MURDOCK: Honourable senators, I have been anxiously waiting for someone to bring up one point in connection with this Bill. I am told that within the past two years one of the great automobile companies in Canada undertook to do just as is now proposed, by trucking automobiles from Detroit to Winnipeg through the states of Michigan, Indiana, Illinois, Wisconsin and Minnesota, and that after a great deal of discussion in Washington its request was turned down and refused by the United States. I had expected that someone would raise that point.

Now we come to this proposal to authorize shipment of goods in bond from Detroit to Buffalo, by truck, over our highway. I presume that one consequence of putting that proposal into effect would be increased hazard to life and limb in the traffic that moves daily over that highway, to say nothing of the encroachment upon the present channels of transportation. There are five splendidly equipped railroads now operating between the two points, and not one of them has enough business to handle. The Michigan Central, which I suppose is one of the best railroads on the Continent, is running through that territory and carrying in bond, between the Michigan peninsula and Fort Erie, 100 or 150 cars of freight every day. I do not think that estimate is an exaggeration. The proponent of this Bill says that this traffic is not now coming and cannot come to the railways of Canada. Well, that is an argument that one would expect from those who are supporting the Bill. But is it correct? Is it not nonsense to say that the traffic cannot come to the railways of Canada?

Hon. Mr. McGUIRE: It does not.

Hon. Mr. MURDOCK: If the shippers believe they can save money by shipping by a route that is 104 miles shorter—for the distance between the two points is that much shorter by highway through Canada than by highway going around the lake in United States territory—is it not likely that some of the traffic now handled by the railroads would go to the trucking company, at a lower rate, in the event of this Bill going through?

There is another point. I said once before that I was somewhat suspicious. Am I unduly suspicious to-day when I hear it suggested that the Board of Trade of the city of Kitchener is boosting this Bill? Is there going to be, somewhere in these buses and trucks, a secret place into which liquor can be slipped en route between the two ports of entry? I mean exactly what I am saying. Why, Highway No. 3 does not go within sixty miles of the city of Kitchener; so I cannot see why the Board of Trade of that city should be particularly interested, unless there is to be an arrangement for meeting a truck sometimes and through a secret panel slipping in a little good Canadian whisky for transportation to the United States.

Furthermore, I think the whole Bill is reprehensible and unfair. For some weeks now we have been trying to devise ways and means of helping the railroads. Will anyone argue for one moment that this Bill contemplates any assistance to the railways of Canada? If it contemplates anything, it is further encroachment upon the facilities afforded by the five railways now operating between the port of Windsor and the port of Fort Erie. It seems to me that if ever there was a measure containing a principle which should be disposed of in the Senate, and not passed along to a committee with a half-hearted blessing, this is one. In my opinion the six months' hoist is the measure of assistance that this Bill should receive.

The amendment of Hon. Mr. Dandurand was negative: contents, 19; non-contents, 35.

The Hon. the SPEAKER: The question now, honourable senators, is on the motion for second reading.

Hon. Mr. LITTLE: Honourable senators, I should like to say that, with the consent of my seconder, I am quite prepared to accept the suggestion of the right honourable leader on the other side (Right Hon. Mr. Meighen) that the Bill be sent to the Standing Committee on Miscellaneous Private Bills.

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

REFERRED TO COMMITTEE

Hon. Mr. LITTLE moved that the Bill be referred to the Standing Committee on Miscellaneous Private Bills.

Hon. Mr. MURDOCK: Is a protest in order? It seems to me that if ever there was a bill—

Hon. Mr. CASGRAIN: I think I was up first. I would suggest to those who wish to have the Bill sent to a committee, that, as the session is so far advanced, there should be a motion for the suspension of rule 119 so far as this Bill is concerned. That rule says:

> No committee on any private bill originating in the Senate (of which notice is required to be given) is to consider the same until after one week's notice of the sitting of such committee has been posted up in the lobby; nor, in the case of any such bill originating in the House of Commons, until after twenty-four hours' like notice.

The motion was agreed to.

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NOTICE OF MOTION FOR SUSPENSION OF RULE

Hon. Mr. LITTLE: Honourable senators, acting on the suggestion of the honourable senator from De Lanaudière (Hon. Mr. Casgrain), I move that rule 119 of the Senate, in so far as it relates to this particular Bill, be suspended.

Hon. Mr. MURDOCK: I respectfully object.

The Hon. the SPEAKER: The objection of the honourable senator is well taken. In the absence of notice, there must be unanimous consent to have the motion made.

Hon. Mr. LITTLE: Then I shall move to-morrow that rule 119 be suspended in so far as it relates to this Bill.

Hon. Mr. DANDURAND: That is a notice for to-morrow.

Hon. Mr. BALLANTYNE: Why does the mover not allow the Bill to stand for a week? Then he would be in order.

The Hon. the SPEAKER: The statement will stand as a notice of motion.

LORD'S DAY BILL

REPORT OF COMMITTEE ON MESSAGE FROM COMMONS

Hon. F. B. BLACK moved concurrence in the report of the Standing Committee on Banking and Commerce on a message from the House of Commons disagreeing to the amendment made by the Senate to Bill 13, an Act to amend the Lord's Day Act.

Hon. CHARLES BOURGEOIS: Honourable members, I do not intend in the least to reopen the debate on this question and repeat what has already been said. It is enough for me to say that the events which have occurred since this Bill was given third reading in the Senate have confirmed in my mind the opinion which I expressed at that time. When the Bill was under consideration here and in our Banking and Commerce Committee, the other House was blamed for alleged neglect to scrutinize the measure with the required attention and care. It was pointed out in particular that the debate on this important question scarcely covered two pages of the House of Commons Hansard. The present circumstances are different. The House of Commons had the benefit of the advice and observations of the wise men of the Senate; nevertheless it has maintained its first opinion. In the main it seems that the position taken by it is the only logical one. The Lord's Day Act has either been complied with or it

has not. If it has been complied with, then it is useless to amend it; but if there has not been compliance, because the penalties for infringement are not sufficiently severe, let us make them more severe. Above all, special provisions should be enacted with a view to reaching the real culprits, that is, the men who are effectively responsible for giving orders to work on Sunday.

In conclusion, honourable senators, it seems to me that it would be unwise for the Senate to keep ignoring the will that has been so clearly expressed on two different occasions by the elected representatives of the people. I am not opposed to adoption of the report, but I think that before the session ends steps should be taken for a joint conference between the two Houses of Parliament with a view to reaching a common understanding as to this measure.

The motion was agreed to.

PELAGIC SEALING (CONVENTION) BILL

THIRD READING

On motion of Hon. Mr. Hardy, for Hon. Mr. Dandurand, Bill 98, an Act respecting the North Pacific Pelagic Sealing Convention, was read the third time, and passed.

NORTHWEST TERRITORIES BILL

THIRD READING

Hon. Mr. DANDURAND moved the third reading of Bill 110, an Act to amend the Northwest Territories Act.

Right Hon. Mr. MEIGHEN: I have not had time nor opportunity to read the Bill since it has been amended, but I understand the committee has seen fit to strike out the power to enter homes. Mr. Gibson, the officer of the department, stated there was no need of such power. If there had been, of course, the Government would, I suppose, have supported the authority to enter homes, padlock or no padlock. But that is the only amendment made, is it not?

Hon. Mr. DANDURAND: My right honourable friend apparently is desirous of forming a union government into which Toryism would enter.

Right Hon. Mr. MEIGHEN: As long as I am out of it—

Hon. Mr. DANDURAND: I may say there is a distinction between residences and other dwellings. So the vicious principle is still in the Bill to a certain extent; but application has to be made before a magistrate to obtain a search-warrant.

Hon. Mr. BOURGEOIS.

Right Hon. Mr. MEIGHEN: That is, the Bill does not order the court to give a search-warrant.

Hon. Mr. DANDURAND: No, not in advance; but procedure is provided by which the Secretary of State may give an officer general powers.

Right Hon. Mr. MEIGHEN: The reform is not complete.

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

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

THE SENATE

Wednesday, June 15, 1938.

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

Prayers and routine proceedings.

OCCUPATION OF VANCOUVER POST OFFICE

NOTICE OF INQUIRY

Hon. Mr. CASGRAIN: I desire to give notice that on Monday next I shall inquire of the Government how many of those who have taken possession of the Vancouver Post Office, to make it their abode, were born in British Columbia, and how many were born elsewhere.

Hon. Mr. McRAE: May I suggest to the honourable senator that he should go a step further, and ascertain how many are residents of British Columbia and how many are not?

Hon. Mr. CASGRAIN: I shall be glad to please the honourable gentleman. I shall add that, with the leave of the House.

DIRECTOR OF FARMERS' CREDITORS ARRANGEMENT ACT

INQUIRY

Hon. Mr. HUGHES inquired of the Government:

What salary does Mr. H. F. Gordon, Director of the Farmers' Creditors Arrangement Act, receive?

Hon. Mr. DANDURAND: The answer is $4,620 per annum.

CONVENTION FOR SUPPRESSION OF ILLICIT TRAFFIC IN DANGEROUS DRUGS

RESOLUTION OF APPROVAL

Hon. RAOUL DANDURAND moved:

That it be resolved:
That it is expedient that Parliament do approve of the Convention of 1936 for the Suppression of the Illicit Traffic in Dangerous Drugs (Geneva, June 26, 1936), signed on behalf of Canada by the plenipotentiary named therein, and, that this House do approve of the same.

He said: Honourable senators, I recently laid on the Table of the Senate the Convention of 1936 for the Suppression of the Illicit Traffic in Dangerous Drugs, signed at Geneva on June 26, 1936.

This convention was drawn up by the International Conference for the Suppression of the Illicit Traffic in Dangerous Drugs, which met in Geneva under the auspices of the League of Nations. The objectives of the conference were, first, to secure international co-operation in stiffening penalties for breaches of legislation implementing the earlier opium conventions of 1912, 1925 and 1931, and, secondly, to strengthen police efforts to repress the illicit traffic in narcotic drugs.

The draft before the conference was the result of two years' preparatory work initiated by the Opium Advisory Committee. A first draft had been submitted to all governments signatory to the opium conventions in 1934. Their observations and criticisms were taken into consideration in the preparing of a revised draft circulated in 1935. It was only after this thorough canvass of the competent national authorities had established the expediency of endeavouring to draw up an international convention that the decision to hold the special conference was taken.

The Canadian Government was represented at this conference by Colonel C. H. L. Sharman, Chief of the Narcotics Division, Department of Pensions and National Health, who is also the Canadian representative on the Opium Advisory Committee and who had taken an active part in the preparatory discussions of the draft convention.

The convention requires ratification. It will come into force ninety days after the Secretary General of the League has received the ratifications or accessions of ten states. It has been signed on behalf of thirty-two countries, and ratification has been completed, up to date, by India, China and Belgium. When Parliament has approved the convention the Governor in Council will authorize ratification.

I do not know that I need say much more. If honourable members wish to know the main provisions of the convention I can give them by quoting one or two of its articles, but copies of the convention itself have been distributed among honourable members, and that may, therefore, be unnecessary.

Right Hon. Mr. MEIGHEN: I suggest that the motion stand as a notice until the House has a chance to peruse the convention.

Hon. Mr. DANDURAND: The right honourable gentleman might move the adjournment of the debate.

Right Hon. Mr. MEIGHEN: All right.

Hon. A. D. McRAE: Honourable senators, I welcome this opportunity of moving the adjournment of the debate, because adjournment will enable the honourable gentleman (Hon. Mr. Dandurand), on resumption of the debate, to supply information which I think is essential respecting the League of Nations.

I am entirely in accord with any international arrangement which will tend towards restriction of traffic in narcotic drugs. Just what this convention may mean in that regard will depend on just how effective international agreements are these days. In the past they have not meant much, and perhaps might better have been termed gentlemen's agreements. At all events, I take it that the convention now before us will constitute a standard for nations who respect their international agreements and whose views are in accord with ours on this subject.

I do not want my approval of this effort towards restricting traffic in narcotic drugs to be construed as a change of my position with respect to the League of Nations, as stated to this House more than once. I submit to honourable senators that the powers of the League and its ability to serve this country have, to say the least, been very much curtailed, and that in these trying times, when we need every dollar at home for the relief and service of our own people, we should reconsider the expensiveness of the League to Canada. I am not up to the minute in this regard, but, as I remember, our contribution to or assessment by the League of Nations is about $300,000 a year. That is $1,000 every working day. I should think that in addition there would be the expense of the personnel, the staff which Canada maintains at Geneva. I would suggest to the honourable leader of this House that when the debate is resumed he should be prepared to tell us what was the cost of the League to this country last year, showing first our contribution, second the expense of our staff, and third any other expenses in connection with the League—

Hon. Mr. GRIESBACH: Delegates.

Hon. Mr. McRAE: —including expenses of delegates, and all that sort of thing, so that we may have before us the sum total of what the League of Nations effort is costing us. If at the same time the honourable gentleman could give us the names of the nations which are paying their dues, and of those which are not, such information would be, I think, very enlightening. The last investigation of this matter showed that many prominent nations were not paying at all—a fact which would rather lead one to believe that those who do pay have to pay an unnecessarily high assessment.

In view of the situation which prevails in Canada to-day, I do not think we have $300,000 or $400,000 a year to throw away in maintaining our position in the League; and I believe that if the League is to continue to do only this minor work in which it is now engaged, we should revamp our expenditure so that it may be in keeping with the League's effort.

Hon. Mr. DANDURAND: I am not quite sure that my honourable friend has adopted the regular course in bringing that matter before the House on such a motion as this, which merely asks Parliament to approve of the drug convention. Of course one may go quite far afield at times. I would inform my honourable friend that I think I brought down the answers to most of his questions some time ago, in response to the query of the honourable gentleman from Rigaud (Hon. Mr. Sauvé). I have no objection to looking into the matter and seeing if it has not been fully covered. I would point out that no further procedure will follow upon the remarks of my honourable friend from Vancouver (Hon. Mr. McRae), because there is no motion before the House other than the one I have moved.

But I think he rose to move adjournment of the debate at the same time as the right honourable gentleman facing me (Right Hon. Mr. Meighen). Perhaps my honourable friend from Vancouver has said all that he wishes to say in the matter and can now leave it to the right honourable gentleman to move adjournment of the debate.

Hon. Mr. McRAE: I want to say just one word on that aspect. The honourable leader has presented a motion for approval of a convention. I am perfectly frank in saying that if the League of Nations is performing no more useful service than dealing with two or three of these subjects every year, I am opposed to the motion, on the ground that the League is costing Canada too much money. I think my questions and my stand in this matter are entirely pertinent to the motion, because approval of the motion would, in a way, signify acquiescence in the procedure we are carrying on at Geneva, and I do not believe that procedure is justified by the results. That completes my remarks on this question, honourable senators, and it is for someone else to move adjournment of the debate.

On motion of Right Hon. Mr. Meighen, the debate was adjourned.

PRIVATE BILL—INTERNATIONAL HIGHWAY FORWARDERS

MOTION DROPPED

On the notice by Hon. Mr. Little:

That he will move:

That Rule 119 be suspended in so far as it relates to Bill Z2, an Act to incorporate International Highway Forwarders.

Hon. Mr. LITTLE: Dropped.

BRITISH GOVERNMENT AVIATION TRAINING SCHOOL IN CANADA

ANSWER TO INQUIRY

On the Orders of the Day:

Hon. RAOUL DANDURAND: Honourable senators, yesterday my right honourable friend opposite (Right Hon. Mr. Meighen) asked me whether "the British Government has made a request to the Government of Canada for permission to establish, wholly at the expense of the British Government, a training school in Canada for flyers." And he added:

> The request, I am advised, has been made on two occasions and refused by the Government of Canada. I would ask whether the information has any truth in it, and, if so, why the request is refused.

My answer is that no such request has been made to the Canadian Government.

Right Hon. ARTHUR MEIGHEN: Would the honourable leader of the Government be sufficiently non-technical with the House to follow up his answer with some statement as to just what the facts are in this connection? It may be that exactly in the terms in which I have asked the question there has not been a request, but has there not been one on the same subject-matter and not very far unrelated to the very terms which I used? And if so, what has been the reply? And what is the policy of the Government of the day?

Hon. Mr. DANDURAND: I can perhaps enlarge upon the answer I have made. There has been no request to the Federal Government either in the terms in which my right honourable friend's question of yesterday was couched or in those he has just used to obtain further information. In a word, there has been no request from the British Government to the Canadian Government in any shape or form concerning the matter mentioned in the query of the right honourable gentleman.

Right Hon. Mr. MEIGHEN: Will the honourable leader of the Government say there has been no inquiry of the Canadian Government as to what its attitude would be with respect to the subject-matter?

Hon. Mr. DANDURAND: That I am unable to answer. I asked the department, "Has any request been made by the British Government to the Canadian Government?" The answer was in the negative.

Right Hon. Mr. MEIGHEN: I have put the question in the broadest terms I can, and for the time being I shall have to accept the reply. I find it very difficult to conclude in my own mind that the information given to me is wholly unfounded.

Hon. Mr. DANDURAND: I am unable to enlarge on the statement I have made to the right honourable gentleman.

HIGH COMMISSIONER IN THE UNITED KINGDOM BILL

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 146, an Act respecting the High Commissioner for Canada in the United Kingdom.

He said: Honourable senators, I may explain that for some years it has been the custom to pay part of the salary of the High Commissioner for Canada in the United Kingdom under the statutory authority given by the High Commissioner's Act, and part by a vote in the estimates of the Department of External Affairs. The principal object of this Bill is to repeal the statutory authority contained in the High Commissioner's Act, so that in future the whole salary may be included in the departmental estimates. This change will establish a uniform practice with respect to the salaries of the representatives of Canada abroad. As certain other minor amendments to the High Commissioner's Act were also deemed desirable, it was decided to ask that the existing statute be repealed, and that it be replaced with a measure drafted in conformity with modern usage and terminology.

Right Hon. ARTHUR MEIGHEN: I have read this Bill and the discussion on it in the other House. I need only say that I see no objection whatever to the measure.

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

THIRD READING

On motion of Hon. Mr. Dandurand, the Bill was read the third time, and passed.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. McMEANS, Chairman of the Committee on Divorce, presented the following Bills, which were severally read the first time:

Bill K3, an Act for the relief of Marjorie Ruth Nicholson Lowe.

Bill L3, an Act for the relief of Anna Vereszczak Finchuk.

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

THE SENATE

Thursday, June 16, 1938.

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

Prayers and routine proceedings.

INSPECTION AND SALE BILL

THIRD READING

On motion of Hon. Mr. Dandurand, Bill 30, an Act to regulate the Inspection and Sale of Binder Twine and to establish Weight of Bushel for certain Commodities commonly sold by the Bushel, was read the third time, and passed.

INDIAN BILL

THIRD READING

Hon. Mr. DANDURAND moved the third reading of Bill 138, an Act to amend the Indian Act.

Right Hon. Mr. MEIGHEN: Honourable members, I had the privilege of attending this morning the meeting of the Committee on Agriculture and Forestry. The Minister of Mines and Resources was good enough to be present and to place his intentions before the committee in more detail than we had before. What he has in view is the lending of money not only to individual Indians, but as

well to Indian schools, for the purchase of raw material to be wrought into finished articles for purposes of sale. Indian children would naturally be expert in making these articles. The money lent is to be returned out of the proceeds of sales, and would thus be revolving. I was agreeable to the reporting of the Bill from committee, and said so, but I expressed at the time, as did at least one other senator, a complete lack of faith in the policy of lending to the individual Indian. I protest against that policy, though I can conceive of single cases where a loan might be justified if the supervision were extraordinarily capable and efficient. I should certainly prefer the policy of a straight negative against all loans of an individual character. I should also like to go on record as expressing again the view that even in respect of advances for purchases of raw material the enterprise is hazardous to the last degree, and that the Minister should exercise the greatest possible care and experiment with the least possible amount of money before he goes any distance along this line.

Hon. Mr. DANDURAND: There seemed to be general agreement in the committee that there had been in the department an official who possessed all the qualities required for efficient supervision of these matters. He is still living, but unfortunately has been retired. I think his name is Mr. Graham.

Right Hon. Mr. MEIGHEN: Yes.

Hon. Mr. DANDURAND: And the hope was expressed that there would be found in the department now a man able to take over the post that Mr. Graham filled so well for a number of years.

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

NATIONAL PARKS AMENDMENT BILL

FIRST READING

A message was received from the House of Commons with Bill 154, an Act to amend the National Parks Act, and The Nova Scotia and Prince Edward Island National Parks Act, 1936.

The Bill was read the first time.

RIGHT HON. ARTHUR MEIGHEN

BIRTHDAY FELICITATIONS

Hon. RAOUL DANDURAND: My right honourable friend (Right Hon. Mr. Meighen) was about to leave the Chamber when I told him I had a very important matter to discuss with him. Perhaps I should have said it was a matter to which I desired to draw his attention.

I have just learned that my right honourable friend is sixty-four years of age this day, and in the name of all members of the Senate I wish him many happy returns. We have been most highly favoured by his consenting to sit among us. We enjoy his company, his learning—sometimes his thrusts.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. DANDURAND: I do not complain of those thrusts. I hope no event will draw him away from this Chamber.

Some Hon. SENATORS: Hear, hear.

Right Hon. ARTHUR MEIGHEN: Honourable members, I am very grateful to my honourable friend opposite for his exceedingly generous remarks. If anything could contribute to my present resolve not to be drawn from this Chamber, it would be the fact of which he has informed the public, that I have reached such an advanced age. If, prompted by the same kindly feelings, he should ever congratulate me again, I would ask him as a favour to leave out the figures. I thank honourable members.

DISALLOWANCE OF ALBERTA LEGISLATION

ORDERS IN COUNCIL TABLED

Hon. RAOUL DANDURAND: I desire to lay on the Table two Orders in Council, Nos. 1367 and 1368, approving a report of the Minister of Justice to the Governor in Council respecting certain measures enacted by the Legislature of Alberta. These orders disallow an Act for the Security of Home Owners and an Act to Impose a Tax on Certain Securities in the Year 1938.

Right Hon. ARTHUR MEIGHEN: Consistently with the argument I sought to advance some time ago, I wish to congratulate the Government on its long-delayed decision to disallow certain Alberta legislation. There are other subject-matters of Alberta legislation which, I believe, are also before the Government.

Hon. Mr. DANDURAND: They are treated in the report of the Minister of Justice which accompanies these Orders in Council.

Right Hon. Mr. MEIGHEN: But no disallowance?

Hon. Mr. DANDURAND: Some are suspended. Without reading all the documents, I notice that the Acts do not come into force until proclaimed by the Lieutenant-Governor in Council. But I am quite sure that does not cover all the Acts which Council still has under consideration.

Right Hon. Mr. MEIGHEN: I cannot refrain from expressing regret that the Government has so long delayed its judgment in these matters, especially as to the Act respecting taxes on securities. It is well known that a large number of companies and individuals have by that Act been compelled to prepare the most onerous reports, reports indeed so onerous that it was physically impossible to complete them before the 1st of June, on which date they all had to be filed on penalty of fantastic fines. Many individuals and companies not only struggled to prepare such reports and file them, but actually sent in the tax rather than expose themselves to the ruinous fines which the Act provided for. All this utterly unnecessary harm has been done. I submit that disallowance was obviously called for, and should have been effected with despatch, to remove from the shoulders of citizens injustices so preposterous. However, action has been delayed until this date.

With reference to the legislation not yet dealt with, I express my surprise that no action has been taken. I can think of no reason for further postponement, for the Saskatchewan election is all over. The only reason that was on the horizon, very obvious, though very futile, was long ago removed.

Hon. Mr. DANDURAND: My right honourable friend has not been outside the realm of practical politics as long as I have been, and from events he draws conclusions that do not appear to me.

Right Hon. Mr. MEIGHEN: Oh, good!

Some Hon. SENATORS: Oh, oh.

Hon. Mr. DANDURAND: Perhaps he is wrong.

Some Hon. SENATORS: Oh, oh.

CARDIGAN, P.E.I., POST OFFICE

INQUIRY

Hon. JOHN A. MACDONALD inquired of the Government:

1. Has a second post office been established in the village of Cardigan, Prince Edward Island, during the present year?
2. What salary does the postmaster receive?
3. What rental is paid for the office?
4. What other expense is necessary for maintaining it?
5. Who recommended the opening of this office?
6. Who gave the necessary approval and authority for opening it?
7. What purpose is it intended to serve?
8. In view of the fact that practically all business goes through the other office, is it the intention of the Post Office Department to continue maintenance of two post offices in a village of less than two hundred people?

Hon. Mr. DANDURAND: The answers are as follows:

1. Yes.
2. $100 a year (minimum salary).
3. None.
4. None.
5. No special recommendation.
6. Postmaster General.
7. To serve patrons on opposite side of river to Cardigan.
8. Will depend on use made of new office.

SS. VENTURE

ORDER FOR RETURN

Hon. Mr. ROBICHEAU moved:

That a return do issue setting forth:

1. Copy of contract in connection with the construction of "Venture";
2. Copy of a certified pay list in respect of "Venture" construction;
3. Copy of statement of amounts due to each labourer in respect of payments below contract rates;
4. Copy of amounts due to each labourer in respect of unpaid wages.

The motion was agreed to.

CONVENTION FOR SUPPRESSION OF ILLICIT TRAFFIC IN DANGEROUS DRUGS

INQUIRY WITHDRAWN

On the Orders of the Day:

Hon. A. D. McRAE: Honourable senators, in the discussion that arose yesterday out of the motion for approval of the Dangerous Drugs Convention, I requested certain information from the Government. I at least temporarily overlooked the fact that we are already hard pressed with business and that the burden on the shoulders of the honourable leader of this House (Hon. Mr. Dandurand) is, as usual in the closing days of the session, a very heavy one. I have no intention of introducing at this time any discussion which would occupy the House. Consequently, I have suggested to the honourable leader that he should disregard my present request for information, and I have stated my intention of placing on the Order Paper early next session some questions designed to produce the required information up to date. Then we should have ample time to discuss the matter.

Hon. RAOUL DANDURAND: I desire to thank my honourable friend from Vancouver (Hon. Mr. McRae) for his kindness in withdrawing the request for information concerning the work and cost to Canada of the League of Nations. I may tell him that if I am occupying the same seat in the Senate next

session I shall be glad then to discuss with him the activities and usefulness of the League.

RESOLUTION OF APPROVAL

On the Order:

Resuming the adjourned debate on the motion by Hon. Mr. Dandurand:

That it be resolved:

That it is expedient that Parliament do approve of the Convention of 1936 for the Suppression of the Illicit Traffic in Dangerous Drugs (Geneva, June 26, 1936), signed on behalf of Canada by the plenipotentiary named therein, and

That this House do approve of the same.—Right Hon. Mr. Meighen.

The resolution was adopted.

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

THE SENATE

Friday, June 17, 1938.

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

Prayers and routine proceedings.

DIVORCE BILLS

SECOND AND THIRD READINGS

On motion of Hon. Mr. McMeans, Chairman of the Committee on Divorce, the following Bills were severally read the second and third times, and passed on division:

Bill K3, an Act for the relief of Marjorie Ruth Nicholson Lowe.

Bill L3, an Act for the relief of Anna Vereszczak Finchuk.

NATIONAL PARKS AMENDMENT BILL

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 154, an Act to amend the National Parks Act, and The Nova Scotia and Prince Edward Island National Parks Act, 1936.

He said: Honourable senators, the main purpose of this Bill is to make some corrections in the boundaries of the park in Prince Edward Island. As honourable members are aware, the Government of Prince Edward Island set aside or acquired the areas that were later transferred to the Dominion administration for the development of a national park in that province. This involved the acquisition of property from various persons, and in the adjustments incidental to the acquisition of this property it is now found necessary to change in some slight particulars the boundaries of some of the areas acquired.

There is also an amendment to The National Parks Act relating to a slight change in the boundary of the Elk Island park, east of Edmonton. This is a slight rectification to permit the Provincial Government road, which passes by the park, to cut off one small corner of it, which is replaced by an addition of some thirty-five or forty acres in another part of the park.

Then there is provision for the abandonment of a park known as the Wawaskesy National Park, north of Medicine Hat. This was acquired quite a number of years ago for the purpose of creating a reserve for the pronghorned antelope in Alberta. It has never been fenced. It consisted of a sort of elbow in the Saskatchewan river. At the same time another park, west and south of Medicine Hat, known as the Nemiskam park, was secured for the same purpose, and now it is felt unnecessary to maintain both parks. A resolution was passed by the Alberta Legislature, I think at its last session, to the effect that the Wawaskesy park should be either fenced or abandoned by the Federal Government. Since the other park which I mentioned a moment ago is quite sufficient, in the judgment of the park administration, for the maintenance of the pronghorned antelope, it is proposed under this legislation to abandon the Wawaskesy park and let it revert to the ownership of the province.

I may add that schedule 2 contains in detail a description of the Prince Edward Island park. As honourable members are aware, the honourable senator from Prince (Hon. Mr. MacArthur), a couple of years ago, very generously donated a piece of land to enlarge this park. If the House desires any further explanation in regard to the Prince Edward Island park, I have no doubt the honourable senator from Prince will be happy to enlighten us.

Hon. C. P. BEAUBIEN: Honourable members, in the absence of the right honourable leader on this side of the House (Right Hon. Mr. Meighen) I may say that I have read the Bill and the discussion on it which took place in the other House. The purpose of the Bill is two-fold: first, to amend the boundaries of the Prince Edward Island park; second, to provide that a certain park, which has become unnecessary, shall revert to the province of Alberta, in accordance with the terms of the agreement made between Alberta and the Dominion for the transfer to the province of its natural

resources. There is nothing contentious in the Bill, and there is no reason why it should not be given second reading.

Hon. CREELMAN MacARTHUR: Honourable senators, as the honourable member from Montarville (Hon. Mr. Beaubien) has just said, there is nothing contentious in this Bill. I thank the honourable leader on this side of the House (Hon. Mr. Dandurand) for his references to myself. Five years ago I acquired the old Warburton estate of 655 acres, only to realize that it was a white elephant. I built a lodge and a concrete and steel dam and put in some 50,000 trout. In a word, I did everything that I thought might appeal to the Commission when selecting in the province an area for a national park which would be attractive to tourists. But it seems the outstanding requirement was surf bathing, and my property had only sheltered stretches of river. It is a very beautiful area and its waters are well stocked with trout, lobster and oysters.

Right Hon. Mr. GRAHAM: What a place!

Hon. Mr. MacARTHUR: The property cost me some $15,000. I offered it to the Government as a gift, free of restrictions of any kind. I thought in that way a greater service would be rendered to this country, and to visitors in this country, than could be rendered by me as an individual.

However, it was deemed the part of wisdom to select an area in Queen's county, of which the honourable senator from Queen's (Hon. Mr. Sinclair) can speak in more detail than I can. Mr. Cromarty and another gentleman from the Parks Branch went down and after looking at four or five sites selected the one referred to in the Bill. Unfortunately, there was some difficulty with three or four landowners with regard to the expropriation, and for a year or more there has been some contention. This difficulty has now been removed, and the purpose of this Bill is to describe the area. We are now looking forward to having a park which will be the equal of anything in any other province in Canada.

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

THIRD READING

On motion of Hon. Mr. Dandurand, the Bill was read the third time, and passed.

ADJOURNMENT OF THE SENATE

Hon. Mr. DANDURAND: Honourable senators, as there is nothing further on the Order Paper for to-day, I move that when the Senate adjourns, it stand adjourned until Monday evening at 8 o'clock.

I may say that the practice of the Senate in times gone by was to meet from day to day, whether there was anything on the Order Paper or not. When I came to the Senate, in 1898, the debate on the Address would take up several weeks in the House of Commons; yet the Senate met daily.

At that time we had the privilege of having with us an Anglican bishop who would solemnly enter the Chamber, kneel near the Table, and offer up a prayer of some fifteen minutes in length. Possibly the legislation was a little better for this. I do not know. Now His Honour the Speaker has replaced the bishop, and our prayer, which is the same as that used in the House of Commons, is shorter. We pray on the same terms as the other House.

Hon. Mr. BEAUBIEN: We are on the same footing.

The Senate adjourned until Monday, June 20, at 8 p.m.

THE SENATE

Monday, June 20, 1938.

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

Prayers and routine proceedings.

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

THE SENATE

Tuesday, June 21, 1938

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

Prayers and routine proceedings.

RURAL MAIL ROUTE, SCOTSBURN, NOVA SCOTIA

INQUIRY

Hon. Mr. TANNER inquired of the Government:

1. When were tenders last invited by the Post Office Department for the service on the Scotsburn, Pictou county, Nova Scotia, Rural Route No. 1?

2. Who are the persons who tendered, and what was the amount of each tender?

3. To whom was the contract awarded?

Hon. Mr. DANDURAND: I have the following answer for the honourable gentleman:

1. On the 2nd December, 1937.

2. James Benjamin Ross, West Branch River John.. .. .. $534
Robert Ross Sutherland, Scotsburn.. 588
Robert Ross Sutherland, Scotsburn.. 594
James C. Cameron, Scotsburn R.R. No. 1.. 594
David Harbourne, Scotsburn.. 678
James MacIntosh, West Branch River John.. 680
Fred A. Shea, Scotsburn.. 700
Orrin Johnson, West Branch River John.. 718

3. James Benjamin Ross.

FARMERS' CREDITORS ARRANGEMENT ACT—HEAD OFFICE STAFF

INQUIRY

Hon. Mr. HUGHES inquired of the Goxernment:

1. What are the number and the names of the persons who constitute the staff of the Farmers' Creditors Arrangement Act at the Head Office in Ottawa?
2. The salary each person receives and the amount, if any, each person gets in addition to salary?
3. The date of Mr. H. F. Gordon's appointment as Director and his salary at that time?
4. The number, date and amount of each increase he received since then?

Hon. Mr. DANDURAND: I have an answer to this inquiry, but instead of reading it I shall place it on Hansard, if that is satisfactory to the honourable gentleman.

The answer is as follows:

1 and 2. Twelve.

Name	Salary
H. F. Gordon..	$ 4,620
C. A. Port..	2,400
B. E. Mitchell..	1,620
E. R. Beddoe..	1,500
Miss M. B. Audette..	1,380
Miss B. Morris..	1,080
Miss B. Jeacle..	1,080
Miss M. Fordham..	1,080
Miss M. Scott..	1,080
Miss L. Hall..	720
Miss P. Kalmakoff..	720
Miss G. Jacombe..	720

No amount received by any member of the staff in addition to salary, other than travelling expenses incurred in connection with performance of duties under the Act.

3. Mr. Gordon was appointed Director on April 1, 1937, at a salary of $4,320 per year.

4. One; April 1, 1938; $300.

OCCUPATION OF VANCOUVER POST OFFICE

INQUIRY

On the notice by Hon. Mr. Casgrain:

That he will inquire of the Government:

How many of those who have made their abode in the Post Office Building in Vancouver were born in British Columbia? How many are residents of British Columbia, and how many were born outside of the province of British Columbia?

And that he will call the attention of the Senate to those particulars.

Hon. Mr. DANDURAND: It is very difficult to get an answer to this question. The only reply I can make is in the form of an unofficial general statement, but perhaps my honourable friend will be satisfied with it for the time being.

A survey conducted by the Vancouver Youth Council on Friday, June 10, showed that there were 607 men in the Art Gallery and Post Office. The number in each building is not stated. Of the total 445 have lived in British Columbia for five years, 87 for three years and 75 under three years. But, as I have said, these figures are not official.

Hon. Mr. CASGRAIN: Honourable senators, may I leave this notice of inquiry on the Order Paper? I do not feel well enough to go on with it to-day. I want to call the attention of the Senate later to the situation caused by the coming of foreigners into this country. No other civilized country is organized as Canada is, except England, and over there they have Scotland Yard, who know all about a foreigner before he lands.

BRITISH GOVERNMENT AVIATION TRAINING SCHOOL IN CANADA

FURTHER INQUIRY

On the Orders of the Day:

Right Hon. ARTHUR MEIGHEN: Honourable members, last Tuesday, on information I then had, I addressed a question to the Government as to its attitude towards giving permission to the British Government to establish flying school facilities in Canada. On Wednesday I received an answer to the effect that no request had been made by the British Government for such permission. I then took the liberty of following up the question, my only purpose being to have it in such a general form as would enable the Administration to enlighten this House as to what, if any, conversations there had been on the subject. When I put my question in that general form the leader of the Government (Hon. Mr. Dandurand) answered as follows, as

reported at page 503 of the Debates of the Senate:

That I am unable to answer. I asked the department, "Has any request been made by the British Government to the Canadian Government?" The answer was in the negative.

I wish to-day to renew the question, emphasizing particularly the generality of its form. I earnestly hope the Government will see its way to take the House into its confidence in respect to a matter of such vital and perhaps permanent consequence, not only to the Empire, but to this country.

Hon. Mr. DANDURAND: Of course, I could at the time only give the right honourable gentleman the answer that I had received. Now he is asking whether there have been conversations. Is that the meat of the question?

Right Hon. Mr. MEIGHEN: Yes.

Hon. Mr. DANDURAND: I will get an answer for my right honourable friend.

FARMERS' CREDITORS ARRANGEMENT BILL

MESSAGE FROM COMMONS—SENATE AMENDMENT INSISTED ON

The Senate proceeded to consider a message from the House of Commons disagreeing to an amendment made by the Senate to Bill 25, an Act to Amend the Farmers' Creditors Arrangement Act, 1934.

Hon. Mr. HUGHES: Is this open for consideration now?

Right Hon. Mr. MEIGHEN: There is no motion yet.

Hon. RAOUL DANDURAND: I move that the Senate do not insist on the second amendment to Bill 25. This motion is in accordance with the stand which I felt obliged to take when the amendment was proposed in this Chamber. The apparent unanimity of the House of Commons in refusing to accept our amendment fortifies my present attitude.

Right Hon. ARTHUR MEIGHEN: Honourable members, the amendment to which the House of Commons has not agreed is one which terminates on the 1st of January next the application of the Act to new proposals under it, in provinces other than Alberta and Saskatchewan. The honourable leader of the House, when speaking on this Bill on a previous occasion, intimated that the Minister of Finance, who, of course, is chiefly or very closely concerned in the matter, had particularly asked for an expression of view by honourable members of this Chamber on the entire subject of the Farmers' Creditors Arrangement Act. Such a request on the part of a minister is one which this House should always welcome, and to which it should always respond with the utmost thoroughness of study and frankness of expression. We have sought to respond in that way.

There is no phase of the Act so important, in my judgment anyway, as that relating to its termination.

Hon. Mr. MacARTHUR: Hear, hear.

Right Hon. Mr. MEIGHEN: Now, what has happened the expression of view by this House as respects the Act in its application to the various provinces? Let us start at the Pacific coast. The honourable senator from Vancouver South (Hon. Mr. Farris) expressed the view that the province of British Columbia would like the continuance of the Act.

Hon. Mr. FARRIS: I am afraid I shall have to correct my right honourable friend.

Right Hon. Mr. MEIGHEN: I hope I am wrong.

Hon. Mr. FARRIS: I do not think I expressed any opinion on behalf of the Government.

Right Hon. Mr. MEIGHEN: That takes a load off my mind. The honourable senator expressed his own view that the Act should continue to apply to British Columbia after the 1st of January next.

Hon. Mr. FARRIS: Will my right honourable friend permit me to correct him again? In my view it should be left to the department to get the figures and to study and decide the question.

Right Hon. Mr. MEIGHEN: I am becoming happier every moment. I thought the honourable senator from British Columbia was more firmly opposed to termination in that province than he is. I know he did say what he has now expressed. So, as far as British Columbia is concerned, nobody has ventured to express definitely the opinion that the Act should not terminate as early as January 1, 1939; the only view stated is that the Government should have some discretion as to whether it terminates or not. To some extent the honourable senator has failed to respond to the appeal of the Minister of Finance for an expression of opinion.

As regards Alberta and Saskatchewan, the view presented by more than one, but not many, is that the Act should not be discontinued there at so early a date, and there is a willingness to leave termination to be decided by the Governor in Council. Therefore, as to that area, we are all at one, and there is

no difference with the other House. We do not wish the termination clause to apply to Saskatchewan and Alberta.

From Manitoba there has been no view whatever expressed against terminating the Act on the 1st of January; from the great province of Ontario there has been not one; from the great province of Quebec not one. The same applies to New Brunswick, and the same to Nova Scotia, both heavily populated portions of this Dominion.

There has been a difference of opinion as respects Prince Edward Island, but the operation of the Act in that province was vigorously defended by only one honourable senator as against three.

So, in so far as we have had the opinion of honourable senators from the different provinces on this Bill—and we have had it to a very great extent—it is almost fully in accord with the terms of the amendment which we have passed.

Now, I do not want to be obdurate in a matter of this kind, but my opinions are most decided. I dislike the Act. I came to the opinion I now hold, against the operation of the Act in toto, from the very opposite standpoint, for I sponsored the Act in this House. From my experience of its operation, and particularly its administration, I am convinced that its undermining effect on the general morale of the community is observable everywhere. There have been so many pieces of legislation—mainly provincial, it is true, but not wholly so—that have tended to the same deleterious and indeed fatal effect, that I rejoice to see them one by one cast into oblivion. If there is one thing needed in Canada it is a restoration of the sense of obligation—a restoration of those old principles of honesty, as to financial obligation, upon which civilization rests. I cannot impress too strongly upon the House, and upon all persons outside of it to whose attention these words may come, that in my view the worst thing that has happened in this Dominion in years, the worst of the calamities that have followed us, is simply this minimizing, this overthrowing, this ignoring, of the sacred sense of obligation.

Some Hon. SENATORS: Hear, hear.

Right Hon. Mr. MEIGHEN: We all know that where a debt cannot be discharged, it cannot, and some means must then be found of providing for a new start. But we are giving encouragement to the ignoring of obligations where they can be discharged, and we are listening to talk about human rights as though human rights were on one hand and money rights on the other. There is no such situation at all. Human rights pervade everything; it is only a question of where the incidence falls. This applies to the Farmers' Creditors Arrangement Act as to every other Act. I do not want to bring the slightest pressure to bear upon anyone, and I have spoken to no one about this except one honourable friend to my right, but for my part I should like to see this House adhere to its position on this Bill. A conference can follow, if such is the desire of the other House. I cannot think the other House would insist that this law be made to apply indefinitely to a great range of communities, throughout the area of which no sympathy is expressed for it and there is universal appreciation of its general effect.

Hon. Mr. CASGRAIN: I should like to ask one question, which I am sure the right honourable leader on the opposite side (Right Hon. Mr. Meighen) can answer better than anyone else. How can Parliament make a law for certain provinces and not for others? I ask that in my innocence as a land surveyor.

Right Hon. Mr. MEIGHEN: I never like to presume to be an authority on any such point, particularly when I have not given it special study. But I believe that from the constitutional angle there is no objection at all to Parliament legislating as respects any section of our country. We do that continually, and have done so this session. For instance, we pass laws respecting the North West Territories alone. The question did occur to me earlier, but I never heard anyone raise any doubt as to our power to impose a geographical limit to the application of any statute.

Hon. Mr. CASGRAIN: Thank you.

Hon. R. B. HORNER: Honourable senators, I do not know whether it would be in order to move a further amendment, but that is what I should like to do. I do not see why it is considered necessary to leave the Act effective in Saskatchewan and Alberta. The provincial governments of those two provinces are vying with each other in putting into effect programs for cancellation of debt. These programs are in themselves severe enough for any citizen to have to live under. In the province of Saskatchewan many farms have been sold to men who have not paid a dollar down and perhaps have had money advanced to them for the purchase of implements and other essentials. Yet the Attorney-General of that province, speaking over the radio, has informed the farmers that notwithstanding any agreements they may have

signed to pay half their crop towards debt reduction, all they need to pay is one-third their crop, less taxes. Talk about sanctity of contract! A man who has signed an agreement is placed in possession of a farm, with the necessary equipment, and is given money to purchase seed, and then on the authority of the Attorney-General of the province he is told that he need not pay more than one-third of his crop towards his debts. So I say we have sufficient debt adjustment in those two provinces already.

The honourable junior senator from Winnipeg (Hon. Mr. Haig), in urging that the Act be made inapplicable after the end of this year to every province except Alberta and Saskatchewan, reminds me of a story. A man was endeavouring to get permission from an Indian chief to build a school on his reservation. After some fine speeches had been delivered, the chief got up and admitted that schools were very desirable for other reservations, but said he did not want one on his. The honourable junior member from Winnipeg wanted his own reservation exempted. I feel the same way about mine, which is Saskatchewan, and I should also like to see Alberta protected. So, if it is in order, I would move an amendment to the effect that no applications under this Act be receivable in any province of Canada after December 31 next.

The Hon. the SPEAKER: It would not be in order for the honourable gentleman to move such an amendment now. The question before honourable members is on the motion that the Senate do not insist upon its amendment which has not been concurred in by the House of Commons.

Hon. J. W. deB. FARRIS: Honourable senators, in view of the observation by the right honourable leader opposite (Right Hon. Mr. Meighen) and a statement made by Mr. Barber, the honourable member for Fraser Valley in another place, I think I should perhaps try to make a little clearer what was said in this Chamber about British Columbia's attitude towards the Act. Mr. Barber said:

> I understand that for some time the British Columbia Government has been opposed to this legislation.

He apparently held an opinion opposite to that of my right honourable friend, and suggested that the Senate was influenced by this supposed attitude of the British Columbia Government.

I am not in a position to speak for the Government of British Columbia, but I do know something of its attitude, for I was retained to act for it before the Privy Council, as I have already stated. That Government's objection then was two-fold. First, on the broad constitutional question, the province felt that the Dominion, by an enactment in the guise of bankruptcy legislation, was in reality invading the field of provincial jurisdiction as to property and civil rights. The second fundamental objection pressed at that time was that the operation of this Act extended so far that contracts which the province had made as a province with private citizens were being interfered with by the board of review. For instance, as to sales of certain lands and other matters, where moneys were owed to the province, the Dominion was, under the authority of this Act, presuming—I think the Prime Minister of British Columbia would approve of my using that word—to interfere with provincial contracts, although the province felt that it had the responsibility of dealing effectively and fairly with its own contracts with its own citizens, and was able to do so.

It was on those two grounds that British Columbia opposed this legislation before the Privy Council. Since the Act has been declared intra vires the Provincial Government, so far as I know, has not in any way taken a stand for its immediate withdrawal. When the Prime Minister of the province was in Ottawa some three or four weeks ago I asked him a direct question, and he intimated to me that he was not then in a position to give any advice to the Dominion Government as to whether the Act should be repealed or not. And I think that is as far as one can go.

Having said that, I should like to add that when this matter was under discussion here a little while ago I suggested that there were two fundamental points to be considered in relation to a measure of this kind. One is its merits, as to whether it is the kind of legislation that should stay on the Statute Book. A great deal of opinion has been expressed here against the Act as such, but with all deference to honourable members I would submit that that is not the immediate issue before the House. The Senate has already voted in favour of having the law remain effective in seven provinces until the end of this year, and in the other two provinces indefinitely. That position having been taken, the merit of the law as such is no longer an issue. As I see it, there is, in the circumstances, only one point to be considered. That is, assuming the legislation to be sound and beneficial, how long is it needed? That is a question, not of principle, but of fact, which, as to each province, must depend upon the local situation.

My right honourable friend on the other side (Right Hon. Mr. Meighen) said the other day, in replying to a statement I had

made, that he had not sat in committee as a juror, and therefore was under no obligation to be guided by information given in committee. I quite agree that that is a sound principle when we are discussing the merits of a measure. But, with all deference, I repeat that that is not the present issue. The issue now is: The legislation being assumed to be sound, how long should it remain in effect in any given province? And on that I would reiterate a point I made a few days ago. My right honourable friend said most of the provinces had not expressed any desire to have the legislation continued in effect. But is that negative statement a fair way to put it? Is the issue not an affirmative one now? Let us look at Nova Scotia. I ask my right honourable friend: is there any information of a statistical nature to show that this Act, in which we may assume there is some benefit, has fulfilled its purpose in Nova Scotia and is no longer needed there? There is not a scintilla of evidence to that effect. The same is true as regards New Brunswick. As to Ontario, there was divided testimony. I cannot find that any honourable member of the other House supported the stand taken by the Senate.

When I spoke on this Bill some days ago none of my colleagues from British Columbia were present. Several of them are here to-day. I would ask them, and my right honourable friend opposite as well, if they have the figures with respect to that province, if they know how many loans have been dealt with, how many there are awaiting consideration, and so on. I doubt that any honourable member of this House is in a position to give statistical information to indicate whether or not the Act is any longer necessary in that province.

After some of my earlier remarks my right honourable friend the leader on the other side was kind enough to say that I had imposed some eloquence upon the House. I had not intended to be guilty of that. My purpose was simply to say that the Dominion Government has machinery in every province for getting figures to show how the Act is working there; and, on the assumption that the legislation is beneficial, it seemed to me the logical course for us to take was to leave to that Government the decision as to when the effect of the Act should be terminated in any province.

Right Hon. Mr. MEIGHEN: Honourable members, as I listened to my honourable friend I wondered just what kind of figures could be got to help the House in deciding whether this Act should longer apply in any province. I consider what is before us now just as much a matter of principle as are the merits of the Bill as a whole. We passed this Act because of emergent conditions.

Hon. Mr. MacARTHUR: Hear, hear.

Right Hon. Mr. MEIGHEN: Emergent conditions prevailed to a degree in our rural communities all over our country, but the section in which they were very hazardous, unfortunate, and difficult to deal with, was the Prairie Provinces. The principle upon which I stand now, and upon which I wish I had stood then—

Hon. Mr. MacARTHUR: Hear, hear.

Right Hon. Mr. MEIGHEN: —is this, that it is only where such conditions are exceedingly difficult, disastrous and abnormal in every way that we should ever venture to apply extraordinary legislation of this kind. Even whether we should do so in respect of such districts may be questioned. But I for one am convinced that nowhere else should legislation of this character apply at any time.

My honourable friend from Vancouver South (Hon. Mr. Farris) says that once we decide in favour of continuation of this law in seven provinces for a little while longer, or in the other two provinces until the Governor in Council repeals it, we admit it is good legislation. We do not. We admit that perhaps the original purpose of the Act can still be carried out in Alberta and Saskatchewan, and we are ready to make a compromise so far as agreeing that it shall continue to be effective in those two provinces for the time being, for we know that conditions existing there to-day are as serious as those that existed when the Act was passed.

What those statistics would be passes my power of imagination. We know that conditions are fairly normal in the rural communities in seven of the provinces. Does the Governor in Council know that any better than we do? To listen to the honourable member, one would think that this Act had to exhaust itself in each of these provinces, one by one. In that case, I presume, the first province we should let out would be Prince Edward Island. If the Act has not exhausted itself there, I do not know where it could exhaust itself. There it has covered the whole community. Apparently the argument has prevailed there that if one farmer is relieved of his debts every other farmer ought to get similar relief. What kind of statistics do we want? The only statistics that would mean anything to me are those bearing on the general condition of the community. I do not need any statistics on that point; nobody

in this House needs them. We know that in Ontario to-day there is no emergent condition; there is none in Quebec; there is none in the Island—except what the Act brought about; there is none in Nova Scotia. At the rate the good people of Nova Scotia are making themselves debtors under this law, it would take hundreds of years to exhaust itself there. In fact very few people in Nova Scotia have come under the Act at all. The truth is, the Act has been pretty well administered in those provinces, as the few applications under it indicate. And the truth is, as well, it was never needed in Nova Scotia, nor in Prince Edward Island, nor in New Brunswick, and certainly not in Ontario and Quebec.

Those are, to my mind, all the facts that anyone requires in deciding how long the Act should continue to apply. Whether it should ever have applied or not is a grave question. I submit it never should have been made to apply at all where demonstrably there were no such unprecedented conditions as call for an unprecedented law. Such conditions do not exist save in two provinces. Therefore, I say, do not leave this to some other body, but let us legislate that in other places, where unprecedented conditions do not exist, the Act shall cease to apply.

Hon. JAMES CALDER: Honourable members, I am very strongly inclined to the view expressed by the other member from Saskatchewan (Hon. Mr. Horner). I am reasonably certain that before long this Act should cease to apply in that province. It has been in operation there for some years. All, or nearly all, those whose condition was such that they should get relief have already applied to the board of review, and a large number of applications have been dealt with; others are in process of being dealt with.

This Bill as amended by the Senate provides that not only in Saskatchewan and Alberta, but in all the provinces, the Act shall continue in existence for a period of six months. I cannot help feeling that if any farmer who has difficulties at the present time wishes to have his debts adjusted, he has ample time within the next six months to make application to a board. Then, for goodness' sake, let us end this type of legislation, which results in the conditions that have been so well described by the right honourable leader on this side of the House (Right Hon. Mr. Meighen).

In Saskatchewan and Alberta, and to a lesser degree in Manitoba, as every honourable senator understands, we have an absolutely abnormal condition which does not exist anywhere else in Canada. We have had crop failures for nearly seven years, and our people there, by the thousands, have been in all sorts of financial difficulties, and it is quite possible that more time is necessary in order to clean up a very difficult situation. But even in Saskatchewan I can see no reason why any farmer who is in difficulties at the present time should not get his application in before the end of this year. Then, I repeat, the Act should cease to operate. I am thoroughly convinced that its results are very bad for all the people of Canada, and we should put an end to this legislation.

Hon. J. J. HUGHES: Honourable senators, I am one of those who four years ago voted to bring into existence the Farmers' Creditors Arrangement Act, and a few days ago I voted for the amendment we are now considering. So I want to make my position clear.

The fact that this Bill has been returned from the other House, the Government declining to accept the amendment made by the Senate, is proof to my mind that the Minister in whose department the Farmers' Creditors Arrangement Act is administered wishes to have the power to terminate it when and where he thinks such action should be taken. It is a fairly heavy responsibility for the Minister. The Senate, by its discussion of the measure and its amendment to the Bill, expressed its desire to share this responsibility with him. It is quite evident, however, that he thinks better results will be obtained if the Governor in Council is given power to act entirely on his own initiative. Possibly the Minister is right. In these circumstances it seems to me to be the duty of the Senate to accede to the wishes of the Government and the other House by agreeing to the Governor in Council being given that power.

But this does not prevent us from discussing the matter here and now. In fact, to my mind, it increases the duties of members of this House to give the Minister all the information they can in regard to the working of the Act in every part of the country, which information, I feel sure, he will welcome, because when he told the other House he could not accept the Senate amendment he asked the members here to give him their opinions freely. I shall try to comply with that request.

In my opinion it is practically impossible to get satisfactory results in the provinces unless the men administering the Act there are capable, honest and free from class prejudices. It is equally impossible to expect satisfactory results in Canada as a whole

unless the director and his staff in Ottawa are also honest, capable and free from class prejudices.

The reports of the operation of the Act, prepared by the head office here and submitted to Parliament, show the expenditures in the several provinces. I have read from those reports and put some of the expenditures on Hansard. If the members of this House, the members of the other House, and the Government, think these expenditures are all right, I have only this to say on that phase of the subject at present. When the director in Ottawa was giving evidence before our Banking and Commerce Committee, I asked him if he ever found it necessary to reduce any of the expenditure accounts he received, and he said yes, and that by the reductions he had saved the treasury large sums of money. Then I asked him if he had ever found it necessary to increase expenditure accounts he had received, and he answered in the affirmative. These answers told me much, but I do not think they were equally revealing to all the other members of the committee.

Hon. Mr. MacARTHUR: Hear, hear.

Hon. Mr. HUGHES: Now, with regard to the class prejudices of the officials administering this Act—of which overwhelming evidence is supplied by the officials themselves—I must take up the memorandum read by the honourable leader of the Senate (Hon. Mr. Dandurand) on the 25th ultimo. I shall read only the short part referring to Prince Edward Island. Here it is:

2. Now as to Prince Edward Island. The debt situation of farmers in Prince Edward Island differs from that in almost every other province, in that the great proportion of these farmers' debts is to local merchants, who have taken mortgages on the farmers' property. Many of these mortgages have been in existence for several generations, the farmer turning his produce over to the merchants, who, in turn, sold him his supplies. These merchants are violently opposed to any change in an arrangement which, for many generations, has been extremely satisfactory to themselves, but not so satisfactory to the farmer.

Many cases of hardship have been reported in this connection. The following are two sample cases:

I should like to direct the attention of honourable members to the two "sample cases." Here they are.

The creditor had been charging his debtors 10 per cent interest on his bills, taking cattle, grain or other produce, whether the debtor farmer could spare it or not, and is reported to have allowed these farmers only one-half of the value of such stock and produce as a credit on his bill.

That is "some" statement. Now, case No. 2:

A woman owned a fair farm and provided a living for her son, his wife and a family of ten children. She owed a mortgage of $650 at 7 per cent interest, and with $32 interest only due, the mortgagee instituted foreclosure proceedings.

These cases were adjusted by the Prince Edward Island board of review, to the dissatisfaction of the creditors.

Now I have some comment to make. Here we have sweeping charges made against the merchants of Prince Edward Island as a class.

Hon. Mr. MURDOCK: I rise to a point of order. Everything we are now hearing has been presented before and is on the record. The point before us now is the message from the House of Commons. It is not a question of the merits or demerits of the measure generally.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. MacARTHUR: Honourable senators, this has not been before the Senate before. This came out in committee, and the majority of honourable members did not hear it.

Hon. Mr. MURDOCK: I still respectfully suggest that it will be found on Hansard. If not, I am greatly mistaken.

Hon. Mr. MacARTHUR: Go ahead.

The Hon. the SPEAKER: A point of order has been raised by the honourable senator from Parkdale (Hon. Mr. Murdock). I think the opinion of the House would be that the honourable gentleman (Hon. Mr. Hughes) should confine his remarks more closely to the question under discussion, namely, whether or not the Senate shall insist on its second amendment.

Hon. Mr. HUGHES: I know that some honourable senators have not read the reports which have been submitted to this House, and I know that some of them were not present when this matter was discussed before.

Hon. Mr. McMEANS: The honourable senator has his speech in writing. May I suggest that he put it on Hansard?

Hon. Mr. HUGHES: I ask honourable members whether they will hear it. I am nearly through. I want to make some comments on the slanderous statements made by officials administering this Act, and officials of the Government, respecting the merchants of Prince Edward Island as a class.

Right Hon. Mr. MEIGHEN: On the point of order: I do not wish either to encourage or to discourage my honourable friend, but I do not see how he can discuss the way in which the Senate should deal with the amendment unless he discusses the merits of the Act.

Hon. Mr. MURDOCK: There is much that I do not know about the Bill, but I should like to ask the right honourable leader opposite (Right Hon. Mr. Meighen) or the leader on this side (Hon. Mr. Dandurand)—

Right Hon. Mr. MEIGHEN: That is better.

Hon. Mr. MURDOCK: —as to the propriety of usurping the prerogatives of constitutional government as vested in the Governor in Council. To me that seems the important question that is involved here right now. This Bill when it came to us—

Hon. Mr. HUGHES: I am addressing the House, and I do not want any other—

Some Hon. SENATORS: Oh, oh.

Hon. Mr. HUGHES: I rise to a point of order.

Right Hon. Mr. MEIGHEN: Go ahead.

Hon. Mr. HUGHES: I say again, here we have sweeping charges made against the merchants of Prince Edward Island as a class, against their characters and business methods. But in one of the specific cases mentioned the creditor is not a merchant at all, and never has been. He is a brother farmer, and in a class by himself; yet the director of this organization put him down as a merchant, and said it was only a "sample case" of the way in which the farmers in the province had been treated by the merchants as a class. I do not know the creditor in the other case, but in all probability the same remarks will apply. And I feel sure these men are not typical of any class on Prince Edward Island; yet the director, Mr. Gordon, declared they were but "sample cases" of merchants.

The memorandum prepared by the director, and read by the leader of the Senate, states that the merchants are violently opposed to the operations of the Act, or to any change. The long, rambling, innocuous speech prepared by the director, and delivered by the senator from Queen's (Hon. Mr. Sinclair) on the 9th instant, states that the debtors, the creditors and everybody else on Prince Edward Island are well pleased with the Act and its administration. It is hard to reconcile this idea, adopted by the senator from Queen's, with the declaration that he endorsed the slanderous attack made by the director on the merchants of the province.

The fact of the matter is that these men do not comprehend what they are writing and saying. They are so angered that any person should disturb them at the feast which they prepared for themselves and their friends, at the public expense, that they strike out wildly on all sides, and in their rage wound even themselves. At first they apparently thought it would be a great thing to malign, traduce and slander the merchants of Prince Edward Island, and that it would be a crowning achievement to get the leader of the Senate to read the document and place it on the records of Parliament. They never thought it would become such a boomerang. Transgressors seldom provide for all the avenues of escape.

When Alexander Mackenzie was Prime Minister of Canada he declared that he had to rest on his arms night and day to protect the treasury. If he lived in this day and generation he would, I think, have to employ an army to do that work; and even then the raiders would outwit him. Some ten or twelve years ago a customs scandal, with headquarters at Montreal and ramifications in many other places, which shocked the country, was unearthed. I am afraid that history, in principle, if not in volume, is repeating itself. Here I think of the words of Robert Burns:

> But och mankind are unco weak,
> And little to be trusted.
> If self the wavering balance shake,
> 'Tis rarely right adjusted.

I am inclined to give the Minister the responsibility and the power he wishes. We shall have to wait but a few months, and I am inclined to watch results. Perhaps they will be better than some of us expect. I am going to vote that the responsibility be given to the Minister.

Hon. JAMES MURDOCK: Honourable senators, as I started to say a few moments ago, there is much I do not know about the application of this Bill. Personally, from what I have heard, I judge that it never was necessary; that self-resource and stability, properly utilized, would have answered the same purpose. But it strikes me that that is not the question.

This Bill, when it came to us from another place, had a section, No. 20, which read:

> On and after a date to be fixed by proclamation of the Governor in Council, no new proposal shall be made or filed by any farmer or accepted by any Official Receiver in any province in respect of which the said proclamation is issued.

The amendment made by the Senate contemplated that the Senate, not the Governor in Council, should decide that in seven prov-

inces out of nine the Act should cease to function after January 1 next. I have been sitting here during the discussions wondering what demonstrations of horror and resentment would be emanating from the other side if it so happened that another Government were in office to-day and we undertook to usurp the prerogatives of that Government and to determine for the Governor in Council that this Act, brought in by a previous Government, should be discontinued in any province. It seems to me the important point now before us is whether the Governor in Council or the Senate, which has decided that the Act is no good, is the better judge of the time when this Act should cease to function in any province. One of its chief proponents in the days gone by says now it never was any good. But are we going to say to the Government, in effect, "You are no longer the judge; you are not performing the functions of constitutional government with the authority and judgment necessary in dealing with these matters, and we are going to do it for you"? It seems to me that is really the important question, and I should like to hear from the right honourable gentleman opposite (Right Hon. Mr. Meighen), or the honourable leader on this side (Hon. Mr. Dandurand), if there is anything in that point, which, as a result of the Commons declining to accept our amendment, appears to me to be the most important point before us.

Right Hon. Mr. MEIGHEN: Honourable members, I do not wish to be discourteous to the honourable member; so perhaps I should inflict myself on the House for a moment. The Senate of itself can do nothing, can decide nothing; the Senate and the House of Commons can do everything and decide everything. The Governor in Council has no prerogatives save such as the Senate and the House of Commons give him and do not take away.

Hon. Mr. DANDURAND: Honourable senators, I may state that the House of Commons has not taken exception to our amendment on the score that it was unconstitutional or that it invaded the rights of the executive. I have yet to learn that Parliament could invade the rights of the executive, since the executive is governed by the laws that Parliament itself passes.

This message, although it expresses the unanimous opinion of the House of Commons that the Senate should not insist upon its amendment, is not quite satisfactory to me, because of the reason given, namely:

The adoption of the said amendment would impose hardship on certain provinces.

Now, we are facing two opposing opinions: that of two members from Saskatchewan, who say we should let the Act come to an end on the 1st of January as far as Saskatchewan is concerned; and that of the House of Commons, which says that to do so would impose a hardship in certain provinces. I am sorry the House of Commons did not indicate the provinces. I have just run through the discussion which took place in the House of Commons, and I find that there were some representations from British Columbia. I do not know but that there were some from Manitoba also. It would have been far more satisfactory to the Senate to know in what provinces the amendment would work hardship. Yet, inasmuch as the House of Commons has asked that this amendment be not insisted upon, I have placed a motion before the House, and I shall naturally be satisfied with the decision of the Senate.

Hon. Mr. GRIESBACH: Question!

The Hon. the SPEAKER: The question, honourable senators, is on the motion of Hon. Senator Dandurand, seconded by Right Hon. Senator Graham, that the Senate do not insist on its second amendment to Bill 25, an Act to amend the Farmers' Creditors Arrangement Act, 1934.

Hon. Mr. MacARTHUR: Honourable senators, I understand that the special committee on railway matters is desirous of meeting. If I were to speak now, I might delay that meeting. With your permission, therefore, I would move the adjournment of the debate.

Some Hon SENATORS: No, no.

Hon. Mr. MARSHALL: Make your speech now.

Hon. Mr. MacARTHUR: No. You want to meet, do you not?

Some Hon. SENATORS: Question!

Hon. Mr. MacARTHUR: Do you not want to go to committee?

Hon. Mr. DANDURAND: I think we should send the Bill back to the Commons to-day.

Some Hon. SENATORS: Question!

The Hon. the SPEAKER: Hon. Senator MacArthur moves, seconded by Hon. Senator Hughes—

Right Hon. Mr. MEIGHEN: He cannot second the motion, I am afraid: he has already spoken.

The Hon. the SPEAKER: Seconded by—

Hon. Mr. MacARTHUR: The honourable senator from Cardigan (Hon. John A. Macdonald).

The Hon. the SPEAKER: Is it your pleasure to adopt the motion for the adjournment of the debate?

The motion of Hon. Mr. MacArthur was negatived.

The Hon. the SPEAKER: The question now, honourable senators, is on the motion of Hon. Senator Dandurand, seconded by Right Hon. Senator Graham, that the Senate do not insist on the second amendment to Bill 25. Is it your pleasure to adopt the motion?

The motion of Hon. Mr. Dandurand was negatived.

The Hon. the SPEAKER: Will some honourable member now move that a message be sent to the House of Commons accordingly?

Right Hon. Mr. MEIGHEN: I think that motion follows from the negative vote. I think all that is necessary now is that a message be sent to the House of Commons to acquaint that House that the Senate insists upon its amendment. I will so move.

Hon. Mr. DANDURAND: I think reasons must be given.

Right Hon. Mr. MEIGHEN: If reasons have to be given, I do not know that I should undertake to express them now. I do not see why reasons are always necessary. The reason in this case is obvious—simply that the clause is meritorious.

Right Hon. Mr. GRAHAM: Why? You would have to say why.

Right Hon. Mr. MEIGHEN: Because the Act should go out of effect in all provinces except Saskatchewan and Alberta on the first of January next. I know of no rule which compels us to give a reason for insisting. However, I would put our reason this way: that in the view of this House there is no further necessity for the Act in any of the provinces except Saskatchewan and Alberta after the 31st of December, 1938.

Hon. CREELMAN MacARTHUR: Honourable senators, it seems to me there will likely be a terrible state of confusion. If a message goes back to the Commons in that form the Bill may be dropped altogether, and in that case the Governor in Council would not have the prerogative or right to take any action and we should be worse off than we were before.

I know I am not in order, but nobody has spoken about the first amendment to-day.

Hon. Mr. DANDURAND: It has been approved.

Hon. Mr. MacARTHUR: I know that, but nobody has said why it was approved. Why has there been this omission? From the very start this Bill has been ambiguous and confusing. Even after it had passed through criticism in the other House, it was in such a form when it reached us that our Law Clerk had to point out an amendment which was necessary in order to make it constitutional. That fact has not been touched upon here to-day.

Now, if the Bill is dropped altogether, where will Prince Edward Island be? We shall be in a state of confusion. There will be many more jobs handed out to political appointees, there will be a continuation of inefficiency and of disadvantage to creditors, not only in Prince Edward Island, but all over Canada. It seems to me the Senate has a duty to perform, and that is to try to arrange a conference with the other House. I do not know why we cannot have one.

Hon. Mr. COPP: That is what will likely follow.

Hon. Mr. MacARTHUR: No, it is not. The honourable senator from Cardigan (Hon. Mr. Macdonald) had correspondence with the director of this Act, who says that certain things were said and done, and who challenges us to have an investigation and prove our contentions in this House. Nothing would please us better than to have an investigation. I wanted to speak to-morrow, but honourable members are tired and sick of hearing about Prince Edward Island and would not give me any assistance. However, I want to make it plain that we are not going to stand for this Act much longer in Prince Edward Island.

The Hon. the SPEAKER: The question before the House is the motion by Right Hon. Senator Meighen, seconded by Hon. Senator Griesbach, that a message be sent to the House of Commons informing that House that the Senate does insist upon its second amendment to Bill 25, an Act to amend The Farmers' Creditors Arrangement Act, for the following reason: That there is no further necessity for the Act in any of the other provinces after the 31st of December, 1938.

The motion was agreed to.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. McMEANS, Chairman of the Standing Committee on Divorce, presented the following Bills, which were severally read the first time:

Bill M3, an Act for the relief of Aldege Nault.

Bill N3, an Act for the relief of Muriel Gladys Jones Roberts.

Bill O3, an Act for the relief of Virginia Amelia Loomis Wadsworth.

Bill P3, an Act for the relief of Jennie Erdrich Ettenberg.

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

THE SENATE

Wednesday, June 22, 1938.

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

Prayers and routine proceedings.

DIVORCE STATISTICS, 1938

Hon. L. McMEANS: Honourable senators, I believe it is the custom to present, towards the end of the session, a final report of the Committee on Divorce.

For the present session 88 notices of intention to apply to Parliament for bills of divorce were given in the Canada Gazette. There were 88 petitions actually presented in the Senate and dealt with by the Committee on Divorce, as follows:

Unopposed cases heard and recommended	82
Opposed cases heard and recommended	4
Applications not proceeded with	2
	88

Of the petitions recommended 19 were by husbands and 67 by wives.

Of the applications recommended 84 were from residents of the province of Quebec, and two from the province of Prince Edward Island. An analysis of the occupations followed by the applicants is as follows: advocate, broker, caretaker, clerks, decorator, electrician, grocer, hotel manager, importer, insurance inspector, labourer, longshoreman, manager, manufacturer, married women, mechanical engineer, salesman, secretary, tailor, textile worker, translator, waitress.

The committee held eighteen meetings.

In 46 cases the Committee on Divorce recommended that part of the parliamentary fees be remitted.

Assuming that all the bills of divorce recommended by the committee and now in various stages before Parliament receive the Royal Assent, the comparison of the number of divorces and annulments of marriage granted by the Parliament of Canada since the passing of the Ontario Divorce Act is as follows:

1931	39
1932	27
1932-3	24
1934	38
1935	30
1936	40
1937	46
1938	86

I would ask the indulgence of the House while I comment on a statement made by the honourable senator from Vancouver (Hon. Mr. McRae) when introducing his motion with respect to what should be the attitude of this House towards applications for divorce from certain provinces. He made a valuable contribution to the subject of divorce, but I must take exception to one expression. He stated that consideration of applications for divorce was beneath the dignity of this House. I do not think the impression should prevail throughout the country that the Senate is bound by that statement.

Your Standing Committee on Divorce is composed of nine members, of whom four are lawyers of high standing—I apologize of course for including myself—and one is a distinguished doctor; besides, four of the gentlemen are of the highest standing in this House. The members of the committee very carefully consider every application for divorce. Certainly, I do not think it is beneath the dignity of this House when a subject "petitions the King," as the old expression is, to consider his case.

I have been a member of the committee for thirteen years. When I first entered the House the then leader of the Government, the late Sir James Lougheed, a gentleman, as you all know, of the very highest legal attainments—

Hon. Mr. DANDURAND: Hear, hear.

Hon. Mr. McMEANS: —was chairman of the Divorce Committee. He took an active interest in its proceedings. He was followed in the chair by the late Senator Ross, who was also the Government leader in this House. He, in turn, was followed by another leader of the Government in this Chamber, the late Senator Willoughby. When his physical

condition became such that he could not very well attend to his duties, I was selected to fill the position temporarily, it being assumed that as soon as a new leader of this House was selected he would follow his predecessor in the chairmanship of the committee.

Right Hon. Mr. MEIGHEN: Too young.

Hon. Mr. McMEANS: I am afraid so. At least he has not given the matter very serious consideration. The honourable leader on the other side of the House never takes an active interest in the work of the Divorce Committee, but I do not imagine the cause of his lack of interest is that he thinks it beneath his dignity to engage in such work. Nothing affecting the interests of the people of this country should be beneath the dignity of the leader of the Government in this House. In England divorce cases are tried by the highest courts of the land, and appeals have been taken to the Privy Council.

There is just one thing further I desire to mention. At one time in our part of the country we had a celebrated judge who always harped on this theme: "There is one law for the rich and another for the poor." The honourable judge met with some reverses, I think, and retired from the Bench. On Monday a very prominent member of the other House made this statement: "I submit, Mr. Speaker, that we are beginning to understand in this country more and more that there is one law for the rich and another for the poor." Such a statement is an utter fallacy. Undoubtedly there is but one law for the rich and the poor. But while this is so, may I point out that the cost of invoking the law may bear very severely on people in straitened circumstances. Particularly is this true in proceedings before our committee. During this session forty-eight applicants for divorce have filed affidavits pleading poverty. We cross-examined each petitioner and in most cases we found a pitiable condition. For example, a wife is deserted by her husband, and she finds it very difficult to raise money for a divorce. I think it will be found on inquiry that recently in England legislation was enacted reducing the fees so drastically as to make resort to the divorce courts available to the poor as well as to the rich.

What is going to become of people who desire to obtain a divorce, but have not the money to proceed? Suppose a woman is deserted by her husband. He goes away, and she cannot raise the money to come here. Her life is before her. Another man comes along, whom she likes, and they live together, unmarried. Whether that is immoral or not I cannot say. Perhaps my honourable friend from King's (Hon. Mr. Hughes), who is much better versed in these matters than I am, could say.

Hon. Mr. HUGHES: You are much better versed in them than I am.

Hon. Mr. McMEANS: But I would urge upon the leader of the Government the need of trying to establish some system by which relief could be given to such people. I hesitate to guess how many people there are in the great minority of the mighty province of Quebec. Should I be wrong if I said one-quarter?

Hon. Mr. BEAUBIEN: That is about right.

Hon. Mr. McMEANS: And the population of Quebec is three millions?

Hon. Mr. BEAUBIEN: Two million eight hundred thousand.

Hon. Mr. McMEANS: There you have a large minority absolutely deprived of certain rights. I would therefore urge upon the leader of the Government in this House that he bring this matter before the Administration and see if some remedy cannot be suggested.

Hon. A. D. McRAE: Honourable senators, it is not my intention to detain you for more than a moment. I want to assure my honourable friend the senior member from Winnipeg (Hon. Mr. McMeans), and the other members of the Committee on Divorce, that it was not my intention to reflect in any way on the committee; and I do not think I did so. On the contrary, I sympathize with them in the very extensive work they are doing. I think I did suggest that in these difficult times their efforts might be directed to something which would be of benefit from a national standpoint. I have the highest regard for the members of the Divorce Committee. I do not think there is a committee here that has worked harder this year. Nevertheless, it does seem to me that we could make some better disposition in the matter of divorce.

I am not going to enter into any extended remarks on this subject at the moment, but I promise to bring it up early next session.

Hon. RAOUL DANDURAND: Honourable senators, my honourable friend (Hon. Mr. McMeans) has appealed to me to try to do something to improve the situation. Like the honourable senator from Vancouver (Hon. Mr. McRae), I have the greatest sympathy for the members of the Divorce Committee, who have given so much of their time to fulfilling a duty which was imposed upon them by the Senate. I know that I express the view of all their colleagues in this Chamber

when I say that they have performed their duty seriously, and it is doubtful that any body, either in this Chamber or outside, would have done the work better. The honourable gentleman from Vancouver (Hon. Mr. McRae) says that next session he will propose some kind of reform. I do not know what it will be, but I shall listen to any proposal of his with very great interest.

Hon. J. J. HUGHES: Honourable senators, while listening to the remarks of the distinguished chairman of the Divorce Committee (Hon. Mr. McMeans) I came to the conclusion that that committee's actions do not correspond with its chairman's wishes. The committee now seems to be looking for work. It accepts applications from Prince Edward Island, which has a divorce court of its own. I should like to ask the chairman of the committee why it does that.

Hon. Mr. McMEANS: As I understand the matter—I am not very clear on it—Prince Edward Island has the right to create a divorce court, but it has never done so.

Hon. Mr. HUGHES: Oh yes, it has, and a case has been tried there. I must inform my honourable colleague that the court is composed of the Lieutenant-Governor in Council, that is, of the Lieutenant-Governor and at least five of his counsellors. If the Lieutenant-Governor does not wish to act, or cannot act, he has the power to nominate the Chief Justice of the province in his place. I am simply pointing out one way by which the Divorce Committee can relieve itself of dealing with divorce petitions from Prince Edward Island.

Hon. Mr. McMEANS: That must be a good place to live.

Right Hon. ARTHUR MEIGHEN: Maybe the honourable member from King's (Hon. Mr. Hughes) would tell us what part of the British North America Act gives Prince Edward Island power to appoint its own judges.

Hon. Mr. HUGHES: I will not enter into a discussion of that.

Right Hon. Mr. MEIGHEN: I do not think your court is any good.

Hon. Mr. HUGHES: The province of Prince Edward Island had a divorce court when it became a member of Confederation, and has never lost its jurisdiction in divorce matters. That is my information, and I think I could submit fairly good proof of it, though I am not prepared to do so now.

Hon. Mr. DANDURAND.

Right Hon. Mr. MEIGHEN: I only wish to add a word of appreciation for the members of the Divorce Committee, and the chairman in particular. Not only do I feel grateful to them, but I also sincerely sympathize with them in their labours. I should never dream of aspiring to a post so ably filled as the post of chairman of the Divorce Committee at present is. And, knowing something of the work that the committee does, I have tried not to add to the chairman's load of responsibilities other duties which he could very ably discharge but for his heavy work on the Divorce Committee.

Hon. Mr. DANDURAND: Hear, hear.

Right Hon. Mr. MEIGHEN: If I were in his place I would rather have those other duties.

Hon. JAMES MURDOCK: Honourable senators, may I call the attention of my honourable leader (Hon. Mr. Dandurand) to the fact that he overlooked a request made by the honourable senior senator from Winnipeg (Hon. Mr. McMeans), namely, that the Government be informed of the desirability of arranging some method by which petitions for divorce could be presented by members of the minority in Quebec to some body other than Parliament.

Hon. Mr. DANDURAND: Perhaps there is enough wisdom within our four walls to solve that question.

BRITISH GOVERNMENT AVIATION TRAINING SCHOOL IN CANADA

REPLY TO INQUIRY

On the Orders of the Day:

Hon. RAOUL DANDURAND: My right honourable friend yesterday asked me whether I was in a position to answer a certain question. Last week he asked me whether the British Government had made a request to the Government of Canada to establish a training school for flyers here. I answered him that no such request had been made. Yesterday my right honourable friend asked whether any conversations on the subject had taken place.

Requests have been received from the British Government during the past year regarding short-service commissions for Canadians in the United Kingdom Air Force, and the Canadian Government has co-operated in making the arrangements proposed.

No requests have been received from the British Government for the establishment in Canada of an air school or other agency of the United Kingdom Air Force. Some informal

conversations have taken place with persons who did not indicate they had been authorized or instructed by the British Government to make any proposals. It is not customary or desirable to refer to inquiries of this description.

Should any such proposals be made by the Government of the United Kingdom, the Canadian Government would of course be prepared to discuss them with that Government, and at the proper time to make its position known to the Canadian people.

Right Hon. ARTHUR MEIGHEN: Would the honourable leader of the Government state whether the persons with whom the Government had conversations were Canadians or citizens of the British Isles?

Hon. Mr. DANDURAND: It seems to me that informal conversations can hardly form the basis of an inquiry in this Chamber or the other when they are not followed by some official action. I simply submit that as my own answer to my right honourable friend; not as an answer from the Government.

Right Hon. Mr. MEIGHEN: What I am getting at is this. Informal conversations may be just as important as if all the formalities in the world were attached. It depends on whom they were with. Will the honourable leader of the Government say whether the informal conversations were not with a person who might reasonably have been expected to be feeling out the position of this Government on behalf of the Government of Britain?

Hon. Mr. DANDURAND: I cannot answer the query of my right honourable friend as to whom they were with. It would strike me as extraordinary that informal conversations should produce rumours which would reach this Chamber or the other and form the basis for a query as to the action of the Government on such conversations.

Right Hon. Mr. MEIGHEN: I do not see anything extraordinary about that.

DIVORCE BILLS

SECOND READINGS

On motion of Hon. Mr. McMeans, Chairman of the Committee on Divorce, the following Bills were severally read the second time:

Bill M3, an Act for the relief of Aldège Nault.

Bill N3, an Act for the relief of Muriel Gladys Jones Roberts.

Bill O3, an Act for the relief of Virginia Amelia Loomis Wadsworth.

Bill P3, an Act for the relief of Jennie Erdrich Ettenberg.

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

THE SENATE

Thursday, June 23, 1938.

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

Prayers and routine proceedings.

PRINTING OF PARLIAMENT

REPORT OF JOINT COMMITTEE

Hon. G. V. WHITE presented the second report of the Joint Committee of both Houses on the printing of Parliament, and moved concurrence therein.

Hon. Mr. MURDOCK: Is there any objection to this standing over until we see the list of documents that the committee recommends for printing?

Hon. Mr. WHITE: That would be all right.

The Hon. the SPEAKER: Next sitting of the House.

HON. IVA CAMPBELL FALLIS

BIRTHDAY FELICITATIONS

On the Orders of the Day:

Hon. RAOUL DANDURAND: Honourable senators, it is my great privilege to draw the attention of my colleagues to the fact that one of our members is at present surrounded by roses. I refer to the honourable senator from Peterborough (Hon. Mrs. Fallis). To-day marks a milestone in her life. The passing of milestones is an annual occurrence, but upon certain of our colleagues it seems to have no effect. During the few years the honourable member from Peterborough has been with us, we have enjoyed her companionship and have appreciated her qualities, so essentially feminine, and her charm and kindliness. It gives me great pleasure to tell my honourable friend that when I look across at the opposite ranks—seldom do I have an opportunity of glancing backwards or sideways—I find her presence a pleasing variation, for she is a glorious exception to the drabness of her colleagues.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. DANDURAND: I think it was fortunate for us that representatives of the weaker sex exerted themselves and obtained from the Privy Council the right of eligibility for appointment to this Chamber. We are all the better for the presence among us of two lady members (Hon. Mrs. Wilson and Hon. Mrs. Fallis).

I sincerely wish many happy returns of the day to my honourable friend from Peterborough.

Right Hon. ARTHUR MEIGHEN: Honourable members, I join in the felicitations expressed by the honourable leader of the House. In many things I could never hope to compete with him. Particularly in the sphere of gallantry, he is in a class by himself, Honourable members will have noticed with what subtlety and skill he omitted all reference to any number of years. Of such an omission he was never guilty before, to my knowledge.

We do appreciate the presence of the two lady members of this House, because of their modesty, their judgment, and the high value of service which they render to the public.

Hon. J. P. B. CASGRAIN: Honourable senators, I would only suggest, by way of amendment, that we do not add to the number of roses placed on the desk of the honourable senator (Hon. Mrs. Fallis) in future, for we can see from her appearance that she does not get any older.

Hon. IVA CAMPBELL FALLIS: Honourable senators, I need scarcely tell you that I very deeply appreciate all the kind things which have been said. I especially appreciate the remarks of the honourable leader of the House (Hon. Mr. Dandurand). I may say now in public, what I have said to him privately—

Some Hon. SENATORS: Oh, oh.

Hon. Mrs. FALLIS: It is not as bad as that. I have said it to many others too. It is this. When I, one of the weaker sex, so called, was appointed to the Senate, I felt a certain timidity about entering this stronghold of the male, although the way had been beautifully paved for me, five years before, by my honourable colleague from Rockcliffe (Hon. Mrs. Wilson). The way has been made easier by the kindness and consideration shown to me by all honourable members, and particularly by the honourable gentleman who leads this House. For his consistent kindness to me, as well as for what he has said to-day, I wish to offer him my heartfelt thanks.

The right honourable leader on this side (Right Hon. Mr. Meighen) was quite apt in his remarks, as always. I recall that last week, when he had occasion to reply to congratulations tendered him, he gave a gentle admonition to the leader of the House that in future it would not be necessary to mention the number of years. Perhaps that admonition fell on fruitful ground; or it may be that the honourable leader realized that, after all, he would be a brave man who would disclose a woman's age in public. An honourable senator opposite asked me when I came in this afternoon if I had counted the roses on my desk. I said that of course I did not need to count them, that naturally the number would not be more than twenty-one, for no woman's age ever passes that.

I thank you all for making this one of the happiest birthdays I have ever celebrated.

DIVORCE BILLS

THIRD READINGS

On motion of Hon. Mr. McMeans, Chairman of the Committee on Divorce, the following Bills were severally read the third time, and passed, on division:

Bill M3, an Act for the relief of Aldège Nault.

Bill N3, an Act for the relief of Muriel Gladys Jones Roberts.

Bill O3, an Act for the relief of Virginia Amelia Loomis Wadsworth.

Bill P3, an Act for the relief of Jennie Erdrich Ettenberg.

FIRST READINGS

Hon. Mr. McMEANS presented the following Bills, which were severally read the first time:

Bill Q3, an Act for the relief of Thomas McDade.

Bill R3, an Act for the relief of Isabel Bovill Clarke.

Bill S3, an Act for the relief of Bessie Goldberg Katz.

Bill T3, an Act for the relief of Eric Thomas Robert Kinney.

BUSINESS OF THE SENATE

On the motion to adjourn:

Hon. RAOUL DANDURAND: I noticed some expression of surprise when I moved that the House adjourn until to-morrow. Although there is very little on the Order Paper, I would point out that there is to be Royal Assent to bills to-morrow afternoon, and, besides, we have important work in our standing committees. As soon as the Senate rises we shall come under the tutelage of the right honourable senator from Eganville (Right Hon. Mr. Graham) as chairman of the Standing Committee on Railways, Telegraphs and Harbours.

Hon. J. P. B. CASGRAIN: Honourable senators, let me say now, what I have been saying for many years, that all public bills should be dealt with in Committee of the Whole, for they affect the public generally.

Under the leadership of my very good friend the right honourable gentleman who leads the other side (Right Hon. Mr. Meighen), we adopted the practice of sending bills to private committees. I believe that is all wrong. Anyone who wants to be heard with respect to any public bill can hand a brief to a senator for presentation to the Senate, and the whole country is informed of what is taking place.

Right Hon. ARTHUR MEIGHEN: I am afraid I cannot agree with my honourable friend. Unless we send these very important measures to a select committee, persons who wish to make representations cannot be heard and questioned. It is all right to have a brief read to the House, but that does not do the work of direct examination, nor does it satisfy the public nearly as well. No committee is private. Besides, the submission of a bill to a special or a standing committee does not at all prevent it from being referred afterwards to Committee of the Whole. There is no reason why it should not go to Committee of the Whole if such is the desire of the House.

Hon. Mr. CASGRAIN: Is it not true that such authorities on parliamentary procedure as Bourinot, May, Todd, and Beauchesne say that what I have said is right?

Right Hon. Mr. MEIGHEN: I do not doubt that at all. Nor do I question the wisdom of dealing with bills in Committee of the Whole. But that, I think, does not avoid the necessity on the part of this House of referring bills to select committees, where witnesses can be heard. The words of the authorities mentioned by my honourable friend apply with much greater aptness and force to the proceedings of the Commons than to those of this House.

Hon. Mr. DANDURAND: I really believe the very important work for which this Senate is held in such high esteem by the public is the work done in our standing committees, where those interested in public bills can be heard.

Hon. Mr. CASGRAIN: And they say we sit for only thirty minutes!

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

THE SENATE

Friday, June 24, 1938.

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

Prayers and routine proceedings.

RURAL MAIL ROUTE, STEWIACKE, NOVA SCOTIA

INQUIRY

Hon. Mr. TANNER inquired of the Government:

1. At what date was the Stewiacke Rural Route No. 3 established in Nova Scotia?
2. What post offices were closed on the establishment of the said rural route; on what dates respectively were such post offices closed?
3. Has the Glenbervie post office, Nova Scotia, been reopened; if so, on what date was it reopened, and for what reasons?
4. Who is the postmaster at said Glenbervie post office?

Hon. Mr. DANDURAND: I have the following answer for the honourable gentleman:

1. The Upper Stewiacke No. 3 Rural Route was inaugurated on the 17th April, 1937.
2. Odin, Lower Bernside and Glenbervie, on the 16th April, 1937.
3. Yes, on the 5th June, 1937, by order of the Postmaster General, in the interest of public service.
4. Mrs. Margaret Christie MacKay.

THE ROYAL ASSENT

The Hon. the SPEAKER informed the Senate that he had received a communication from the Deputy Assistant Secretary to the Governor General, acquainting him that the Honourable Lawrence Arthur Cannon, acting as Deputy of the Governor General, would proceed to the Senate Chamber this day at 5.30 p.m. for the purpose of giving the Royal Assent to certain Bills.

THE LATE SENATOR TOBIN

TRIBUTES TO HIS MEMORY

Hon. RAOUL DANDURAND: Honourable senators, it is my sorrowful duty to inform this House of the sudden demise of one of our colleagues, who was among us yesterday, the Hon. Senator Tobin. He arrived at his home last night or this morning and expired while at breakfast.

Senator Tobin in his early life had already gained a high reputation for himself in the Eastern Townships, where he was a successful merchant and manufacturer. He was in public life more than forty years. Prior to his

entrance into the federal field he served several terms as mayor of his home town. He was elected to the House of Commons, as representative of the counties of Richmond and Wolfe, in 1900, and that constituency returned him with a large majority at every general election from that time until 1930, when he was called to this Chamber. The people of Richmond-Wolfe are composed of French and English-speaking Canadians in about equal numbers. I suppose the English are an important factor, the Scottish also—as always—and the Irish to quite a large extent. He spoke fluently both French and English, was highly esteemed and very popular, and always carried his riding by large majorities. His popularity was based on a genial, sympathetic nature. We shall always remember his ready smile and hearty greeting.

I am sorry indeed that he has left us so suddenly, for I felt he had still a fairly long career before him. But he had passed the Psalmist's three score years and ten, which is generally regarded as our allotted span. As I contemplate the tragic suddenness of his departure from us, I can but recall the words which have so often been on our lips on similar occasions: "What shadows we are, and what shadows we pursue!"

In the name of my colleagues I desire to express our heartfelt sympathy to all the members of his family.

Right Hon. ARTHUR MEIGHEN: Honourable members, we have had experiences of many sudden partings, but I know of none that gave me such a shock as did the news this morning of the death of Senator Tobin. When one looks at the proceedings of yesterday and finds his name among those of senators in attendance, and remembers his familiar face across the aisle, one realizes how really tragic are the severances that we must endure.

Senator Tobin was always in Parliament when I was there. My recollection is that he entered Parliament in 1900, and was returned at each subsequent election until the time of his elevation to this body, in June, 1930. I understood that he had contested, and always with success, eight elections in the county of Richmond-Wolfe.

No one as close to him as I was, for our relationship was more than ordinarily intimate even in the House of Commons, could fail to appreciate the personal qualities which contributed to such an almost unparalleled record of success. In our organization at Toronto one of our chief officers, a native of Richmond-Wolfe, has told me of the hold Mr. Tobin—as he always had been—enjoyed over that county. This he attributed mainly to Senator Tobin's faculty of taking a personal interest in every one of his constituents. He seemed to consider himself not so much the servant of the county and of the people en masse as the servant of each individual constituent. He was always not only eager, but also active to do what he could, whether in a public or a private way, for everyone who depended upon him. This, after all, is the basis of continuous political success.

Senator Tobin's genial Irish nature shone in his countenance. It was always a pleasure to meet him. He never had a bitter word against anyone. He was always cheery and always had a fine sense of humour. I feel his loss very keenly because of our relationship, and because of the friendship between us, which has extended to our descendants.

I join with my honourable friend opposite and with all the House in expressing sincere sympathy to his widow and three daughters and to his very popular and promising son.

DIVORCE BILLS

SECOND AND THIRD READINGS

On motion of Hon. Mr. McMeans, Chairman of the Committee on Divorce, the following Bills were severally read the second and third times, and passed.

Bill Q3, an Act for the relief of Thomas McDade.

Bill R3, an Act for the relief of Isabel Bovill Clarke.

Bill S3, an Act for the relief of Bessie Goldberg Katz.

Bill T3, an Act for the relief of Eric Thomas Robert Kinney.

ADJOURNMENT—BUSINESS OF THE SENATE

Hon. Mr. DANDURAND: Honourable senators, I move that when the Senate adjourns this afternoon it do stand adjourned until Monday evening next at 8 o'clock.

Right Hon. Mr. MEIGHEN: Honourable members, I understand that on Monday evening there will be very little business, if any, on the Order Paper, and I am wondering if it would not be just as well to adjourn until Tuesday morning.

Hon. Mr. DANDURAND: If my right honourable friend will allow me, I will outline the program that I felt we should follow now that we are apparently so close to the end of the session. Of course I am in the hands of the Senate. I have been informed by some prominent members of the left in the other House, who have most to say as to the closing

of a session—for we know that while the opening date of Parliament is fixed by the Government, prorogation depends upon the will of the Opposition—

Right Hon. Mr. MEIGHEN: Does the honourable gentleman refer to "the left" in point of direction or in point of principle?

Hon. Mr. DANDURAND: My right honourable friend will perhaps understand the expression better than I do, for he sat on both sides of that House. I have been informed, to my surprise, that Parliament may prorogue toward the end of next week. As honourable members know, we have an important measure before our Railway Committee just now, the Transport Bill, upon which that committee will resume work as soon as we adjourn this sitting to await the arrival of the Deputy of the Governor General. I fear that discussion on the measure will not have been finished by the time we return here for the Royal Assent, and I thought that if we met in the Senate for a short time Monday evening we could go back to the Railway Committee then and dispose of the Transport Bill before midnight. On Tuesday morning that committee could deal with other measures which have been referred to it, and endeavour to clean its slate so as to be in position to take up additional pieces of legislation that are likely to come to us from the Commons—the Housing Bill, among others. Perhaps my right honourable friend could arrange to be present for the sitting of the Senate on Monday evening and the committee meeting on Tuesday morning. I am in his hands.

Right Hon. Mr. MEIGHEN: I suppose considerable work remains to be done on the Transport Bill, but as representations have virtually been concluded, I can see no reason why we should not finish with that Bill this afternoon. If we did that, we could have a sitting of the Senate for a few minutes Tuesday morning and then go back to the Railway Committee to take up the Niagara Falls Bridge Bill, which is set down for consideration on that day, and other measures. I do not pretend to speak for anyone but myself in making this suggestion.

Hon. Mr. DANDURAND: I only fear that if the Senate adjourns till Tuesday afternoon the Railway Committee may not have a quorum Tuesday morning.

Right Hon. Mr. MEIGHEN: I am suggesting that the Senate resume on Tuesday morning before the committee meets.

Hon. Mr. DANDURAND: All right. Then I withdraw my earlier motion, and now move that when the Senate adjourns to-day it stand adjourned until Tuesday morning next at 10.30 o'clock.

The motion was agreed to.

The Senate adjourned during pleasure.

The sitting of the Senate was resumed.

FARMERS' CREDITORS ARRANGEMENT BILL

PROPOSED CONFERENCE WITH HOUSE OF COMMONS

The Hon. the SPEAKER: Honourable senators, a message has been received from the House of Commons reading as follows:

Resolved that a message be sent to the Senate requesting a Free Conference with Their Honours to consider certain amendments made by the Senate to Bill No. 25, intituled, An Act to amend The Farmers' Creditors Arrangement Act, 1934, to which this House disagrees and upon which the Senate insists, and any amendment which at such Conference it may be considered desirable to make to the said Bill or amendments thereto.

Hon. Mr. DANDURAND moved:

Resolved that a message be sent to the House of Commons to acquaint that House that the Senate accedes to its request for a Free Conference with the Senate, for the purpose of considering certain amendments made by the Senate to Bill 25, intituled: "An Act to amend the Farmers' Creditors Arrangement Act, 1934," to which the House of Commons has disagreed, and upon which the Senate insists; that the Senate have named the Honourable Senators Beaubien, Dandurand, Haig and Meighen as managers on their part at the Free Conference, and also that the Managers of the Free Conference on the part of the Senate will meet in Senate Committee Room 258, at 2.30 o'clock p.m. on Wednesday, June 29.

Right Hon. Mr. MEIGHEN: Honourable senators, I am of course quite agreeable to the conference. But I must express disappointment that the honourable gentleman from King's (Hon. Mr. Hughes) is not one of the Managers.

Hon. Mr. DANDURAND: The House of Commons had suggested three Managers and we have named four. I thought we should stop there.

The motion was agreed to.

The Senate adjourned during pleasure.

THE ROYAL ASSENT

The Honourable Lawrence Arthur Cannon, the Deputy of the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their

Speaker, the Honourable the Deputy of the Governor General was pleased to give the Royal Assent to the following Bills:

An Act for the relief of Gerda Ellen Morrison.
An Act for the relief of Hilda Elsa Naeke Schneider.
An Act for the relief of Margaret Robinson Mathieson Megee.
An Act for the relief of Rachel Tencer Silberberg.
An Act for the relief of George Brunet.
An Act for the relief of Mary Elizabeth Fletcher Meigs Ballantyne.
An Act for the relief of Ada Alice Burns.
An Act for the relief of Marjorie Isabel Meldrum Andersen.
An Act for the relief of Alice Pearl Shaver Booth.
An Act for the relief of Mary Grace French Clarke.
An Act for the relief of John Gerard Ahearn.
An Act to amend The Copyright Amendment Act, 1931, and the Copyright Act.
An Act respecting The Restigouche Log Driving and Boom Company.
An Act to amend the Exchequer Court Act.
An Act to amend The National Harbours Board Act, 1936.
An Act to amend the New Westminster Harbour Commissioners Act.
An Act to amend the Railway Act.
An Act respecting the Registration of Shop Cards by Labour Unions.
An Act to amend the Canada Shipping Act, 1934.
An Act to assist Municipalities in making self-liquidating Improvements.
An Act to amend the Manitoba Natural Resources Act, the Alberta Natural Resources Acts, and the Saskatchewan Natural Resources Acts.
An Act to incorporate The Maritime Provinces General Insurance Company.
An Act to incorporate The Roman Catholic Episcopal Corporation of Hudson's Bay.
An Act respecting The Mail Printing Company.
An Act respecting the Globe Printing Company.
An Act for the relief of Paul Sanson White.
An Act for the relief of Louise Maud Thomas Gregory.
An Act for the relief of Emma Kathleen Lavery Forester.
An Act for the relief of Edith Margaret Campbell Quinn.
An Act for the relief of Dorothy Maud Doran Gay.
An Act for the relief of Kathleen Barnsley Prichard Hartney.
An Act for the relief of Thomas Russell.
An Act for the relief of Marie Marguerite Agnès Marcelle Dupont Ross.
An Act for the relief of Wilfred Augustus Cottle Stead.
An Act for the relief of Celia Caplan Tucker.
An Act for the relief of Irene Thomas Smith.
An Act for the relief of Sylvia Salzman Udashkin.
An Act for the relief of William Dougald Stanley Campbell.
An Act for the relief of Mildred Varner MacLeod.
An Act respecting the High Commissioner for Canada in the United Kingdom.

Hon. Mr. DANDURAND.

An Act to amend The Excise Act, 1934.
An Act to regulate the Inspection and Sale of Binder Twine and to establish Weight of Bushel for certain Commodities commonly sold by the Bushel.
An Act to amend the Indian Act.
An Act to amend The National Parks Act, and The Nova Scotia and Prince Edward Island National Parks Act, 1936.
An Act respecting the North Pacific Pelagic Sealing Convention.
An Act to amend the Northwest Territories Act.

The Honourable the Deputy of the Governor General was pleased to retire.

The House of Commons withdrew.

The sitting was resumed.

The Senate adjourned until Tuesday, June 28, at 10.30 a.m.

THE SENATE

Tuesday, June 28, 1938.

The Senate met at 10.30 a.m., the Speaker in the Chair.

Prayers and routine proceedings.

FARMERS' CREDITORS ARRANGEMENT ACT

INQUIRY

On the inquiry by Hon. Mr. Hughes:

What amount has any member of the staff of the Farmers' Creditors Arrangement Act at Ottawa received as travelling expenses since the inception of the Act to date?

Hon. Mr. DANDURAND: I have the following answer for the honourable gentleman:

M. A. MacPherson	$4,490 93
H. F. Gordon	2,880 69
C. A. Port	2,127 25
W. F. Garland	210 80
E. R. Beddoe	46 40
B. E. Mitchell	14 28

THE TURGEON GRAIN INQUIRY COMMISSION

DISCUSSION

Hon. A. B. GILLIS: Honourable senators, I have delayed calling attention to the Turgeon Grain Inquiry Commission, hoping that the Government would introduce legislation implementing the commission's report; but now, I understand, it is definitely settled that nothing is to be done along that line this session or maybe ever. It is evident, therefore, that the report is not considered of much value.

I have a few observations to make in regard to this report.

Appointing commissions to deal with various public matters appears to have become a habit. When the Government is faced with problems it cannot solve, it appoints commissions to deal with them. We have had many commissions appointed to seek solutions of various matters.

I am informed that during the last two years more than a million dollars has been spent on royal commissions, among them the Turgeon Grain Inquiry Commission. In the last ten or fifteen years we have had four commissions investigating the grain trade. First we had the Turgeon commission of 1923-24. Then in 1931 we had the Stamp commission. In Saskatchewan, a few years ago, we had a commission under Chief Justice Brown. Now we have a second Turgeon commission.

It is strange that the personnel of those commissions were nearly all lawyers. When an investigation such as the grain inquiry is deemed advisable, why should we engage a battery of lawyers, passing over the heads of the Government permanent service? I suggest that in our Civil Service we have a body of men equipped with thorough knowledge and experience of the business interests of the country and its trade and commerce. That is the reason why they are in the country's service. Yet we turn aside from them and employ at a high rate of pay a number of lawyers, who in their profession may be able men, but who cannot be considered as students and experts of the business to be investigated.

I wish to direct the attention of the House to one of the Government's answers to my inquiries. At page 304 of Senate Hansard my question is stated thus:

> What matters or facts relating to the grain industry of Canada that were heretofore unknown to Parliament and men in the industry did the Turgeon Royal Commission on Grain discover and report upon to the Government and Parliament?

The answer to that inquiry is in these words:

> The inquiry related chiefly to economic matters and facts. These are listed and related in the report in such a way that a proper and considered judgment may be derived from them. It is impossible to state what facts or matters were "unknown to Parliament and men in the industry."

So the Government itself cannot direct us positively to a single new matter or fact elicited by the royal commission. Then in what way does the inquiry into economic matters benefit the producer or improve existing conditions?

I am glad to note that the commissioner gave some credit to Mr. McFarland for the splendid work he did for the grain producers. Mr. McFarland was general manager of the central selling agency of the Wheat Pool. When he took charge, wheat was selling around forty cents. By an enterprising action, backed by the Bennett Government, he succeeded in stabilizing prices, thus creating better conditions. No one perhaps is in a position to say positively the precise amount of money the farmers of Western Canada received for their wheat, through those stabilizing operations, more than they would have received had the Federal Government left Canadian producers at the mercy of the futures market; but it was substantial.

In a recent published statement J. I. McFarland said:

> It is impossible to compute the price benefit received by the people of this Dominion during the past four years, as a result of the support of the price structure under the guarantee by the Bennett Government. Unprejudiced observers of world market conditions, of production figures, and of the enormously reduced constructive speculative factors, have estimated such benefits at upwards of 200 millions of dollars. It is now quite evident that without government support in these years, the futures system would have failed in its essential function.

This estimate appears to many as being entirely too low. In the four years when the central selling agency provided the only actively functioning hedging market for wheat, approximately a billion and a half bushels of Canadian wheat were sold by the farmers. If the Government had done nothing, the prices of wheat might have fallen so low that it would have been worth little more than freight and elevator charges, and widespread bankruptcy of the Western farming population would have resulted in not nearly so much wheat being grown. The farmers, however, have been able to continue producing, even if wheat prices have been unprofitable. They could not have continued producing if a hedging market had not been provided, as there was a surplus of unwanted wheat in the world, which could not be sold.

These benefits are the result of the courageous policy of R. B. Bennett and the grim determination of J. I. McFarland, without the aid of any royal commission and without extra expense to the country. Despite all the good he had done, Mr. McFarland was a target of attack for politicians, and was finally dismissed when a change of government occurred. I may say that during the four years he gave his services to the country without

remuneration, accepting only actual living expenses.

Why did the commission not recommend some system of contribution to the wheat farmers to stabilize prices? The Government of the United States has contributed hundreds of millions to the wheat producers of that country; Australia is giving its wheat farmers annually a bonus of between ten and thirteen million dollars; and European governments have assisted their wheat growers to the extent of billions instead of millions.

I do not believe that the producers will look with any degree of favour on the suggestion that a supervisor of the Winnipeg Grain Exchange be appointed, or that a permanent representative be established in London to investigate complaints arising out of grain shipments. This would only create two additional high-salaried positions. Surely, as far as London is concerned, the regular officials of our Trade Commissioner can look after such matters. As for an inspector in Winnipeg, he would be only a walking delegate drawing salary and doing nothing.

The commissioner recommends a continuation of the Winnipeg Grain Exchange. I will not go into this matter further than to say that the grain producers of the West consider it nothing but a gambling institution which is more or less responsible for the fluctuations that occur from time to time in the grain market.

In regard to the last grain inquiry, I am informed there was correspondence between the Honourable the Minister of Trade and Commerce and Mr. Justice Turgeon to the effect that the Judge did not look upon the proposed investigation with any degree of favour.

As for the other commissions, I am not prepared to say what was the cost to the country, but I have no doubt it was considerable.

When I speak of the battery of lawyers engaged in these investigations I do not refer to the eminent jurist who was head of the Royal Commission on Grain. I have known Hon. Mr. Justice Turgeon for a long time. I sat with him for several years in the Saskatchewan Legislature, and can safely say that I have always found him fair and most honourable.

I am going to deal with the cost of this last commission. In the return brought down in this House, a few days ago, we find that the cost so far amounts to $140,749.19. The return shows the amounts paid for services, for travel, and for living expenses. The commissioner received an allowance of $12,880 and travelling expenses $2,911.34; a total of $15,791.34. Mr. Ralston, an eminent lawyer, had a living allowance of $3,675, legal fees of $37,399, and travelling allowance $1,577.95, or a total of $42,651.95. Mr. Coyne, the assistant legal adviser, had a living allowance of $2,470, legal fees of $18,475, and travelling expenses $1,308.74, or a total of $22,253.74. He probably lived in cheaper quarters than Mr. Ralston, as his living allowance was $1,000 less.

Then, peculiar to relate, we find that these three eminent legal gentlemen had to call in a fourth, Mr. W. C. Hamilton, who received legal fees amounting to $3,700 and travelling expenses of $196.93. All these figures added together make a total of $84,593.96 for the legal side of the inquiry, or approximately 60 per cent of the total cost of the commission.

Furthermore, the commission had a secretary at a cost of $6,301.55, and an assistant secretary at a cost of $5,033.57, the total being $11,335.12.

Now, this expenditure, which is very large, would not be considered unreasonable if the commission had accomplished any results that might be regarded as helpful to the grain producer. But in that respect, like all other commissions appointed for the same purpose, it has been an absolute failure. Why did the commission not recommend the re-establishment of the Wheat Board, which did so much for the Western farmer? Why did it not recommend the stabilizing of prices? Had it done so, it might have accomplished something. From the present outlook there is every hope of a bountiful harvest in many parts of the Prairie Provinces, and I appeal to the Government to do something to guarantee prices. If it does this, it will be of great assistance not only to the producer, but to the whole of Canada.

Hon. RAOUL DANDURAND: It will be readily realized that I am in a somewhat disadvantageous position, inasmuch as I have no expert knowledge on the subject brought up by my honourable friend from Saskatchewan (Hon. Mr. Gillis). At different times the suggestion has been made that ministers of the Crown should come to this Chamber to take part in debate and answer questions relating to matters administered by their respective departments. I myself have proposed that, as have some of my colleagues under different regimes. I regret that the suggestion has never been put into effect. For the time being, it is my duty to answer questions concerning activities of all departments.

I would submit to my honourable friend that his criticism of the employment of lawyers and judges on royal commissions of investigation is not a just one. Let laymen say what they will, members of the legal profession derive from their training and experience a general knowledge of things. In the course of practice they have to study thousands of questions of all kinds and to advise clients upon them. This does not mean that they acquire a monopoly of knowledge about all these subjects, but, in general, laymen and men of other professions are not so well equipped to grasp the fundamentals of such matters as are dealt with by royal commissions, many of which matters are of an intricate character and involve constitutional and legal points.

My honourable friend has suggested an investigation into the appointment of royal commissions. In the Senate we have had discussions before on this question. It is one that may be approached from different angles. From time to time problems arise which the Government itself is unable to study thoroughly, and concerning which the detailed knowledge required for the formation of opinion can be obtained only by a body appointed specially to make full inquiry. In such instances all governments, of whatever hue, have resorted to the appointment of commissions.

Hon. Mr. GILLIS: Not very many in the past.

Hon. Mr. DANDURAND: I had a list of, I think, some fifteen or twenty that were appointed under the preceding Administration, during the Bennett régime. I believe my honourable friend will find that it has been the custom of all governments since 1867 to appoint commissions for the study of special matters, and that these appointments have become more numerous as the country has developed.

My honourable friend has criticized the appointment of Hon. Mr. Justice Turgeon on the Grain Commission. As honourable members know, he was commissioner on the textile inquiry. From witnesses high and low, who appeared before that body, I have received nothing but encomiums of his lucid mind and his fairness. Even witnesses who felt that their actions were being investigated and that they might be penalized in consequence of the commission's report, praised the commissioner as a man who could understand their point of view and discuss it in a clear and intelligent manner.

Hon. Mr. GILLIS: I would remind the honourable gentleman that I did not say a word in disparagement of Mr. Justice Turgeon. I did not reflect on him in any way. I am well acquainted with his ability and honesty.

Hon. Mr. DANDURAND: Then the objection is directed to his having been taken away from his duties as a member of the Saskatchewan Bench.

Right Hon. Mr. MEIGHEN: There is no objection on that ground. He had not a thing to do.

Right Hon. Mr. GRAHAM: Then there cannot be any objection at all.

Hon. Mr. DANDURAND: There can be no objection whatever to his undertaking other work if he had nothing to do on the Saskatchewan Bench. There is perhaps something to be said in favour of a suggestion made to the Rowell Commission that the courts of Manitoba, Saskatchewan and Alberta should be merged.

Hon. Mr. GILLIS: Hear, hear.

Hon. Mr. DANDURAND: I suppose that would meet with the approval of this Chamber.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. DANDURAND: But we must accept the situation as it is in that respect. My honourable friend, I understand, criticizes the report of the commission more particularly for what it omits.

Hon. Mr. GILLIS: Hear, hear.

Hon. Mr. DANDURAND: He may have read the report. I have not, because I have had no time. I shall do so as soon as I am free of my obligations in this House. That report is now before the Government, and action will be taken on it even without legislation, for, as my honourable friend knows, the Government has some authority in the matter.

My honourable friend says that the Government has done nothing to stabilize wheat prices, and that the Bennett Government did come to the help of the farmers of the West in this respect. I would remind him that the present Government has followed the policy of rendering them assistance. I speak subject to correction, but I believe that throughout the Dominion the only instance in which prices were fixed was in favour of the wheat growers of the West.

Hon. Mr. GILLIS: They are not fixed now.

Hon. Mr. DANDURAND: I understand that the matter will be dealt with. I wonder if the honourable senator from Saskatchewan

is justified in charging the present Government with failure to do its duty towards the wheat farmers of his province. I doubt whether any Government has been more solicitous for the welfare of the farmers of the West, and especially the farmers of Saskatchewan. We all know of the calamity that befell the farmers of that province, and of the millions of dollars that the Federal Treasury has devoted to helping them.

I would remind my honourable friend that in the present Government are three men who are no mean representatives of public opinion in the West. The Minister of Agriculture, an ex-Premier of Saskatchewan, travelled constantly between Saskatchewan and Ottawa during the drought and introduced relief measures representing expenditures of millions of dollars. I know something of this, as I happened to preside at Council. Never did we hesitate for a moment to come to the rescue of Saskatchewan. Another ex-Premier of Saskatchewan sits in the Council, the Hon. Mr. Dunning, who knows something about the West, and who as Minister of Finance consented to the expenditure of millions of dollars for relief of Western farmers —money which would have helped to maintain our financial equilibrium and render possible a budget surplus. The third gentleman to whom I refer is the Right Honourable the Prime Minister of Canada, who sits for a Saskatchewan riding. I doubt whether the province has ever before been so well or so largely represented in the Cabinet.

I am sorry my honourable friend has brought forward this matter. It has already been dealt with in the other Chamber, where Saskatchewan is well represented. As my honourable friend knows, criticism is easy, but action is sometimes difficult.

He has referred to the cost of royal commissions. I would point out that when we decide to appoint a royal commission to make an investigation, we must be prepared to meet the expense which such an investigation involves.

I am not in a position to advise my honourable friend as to what legislation will be introduced this session to implement the Turgeon report, but I may be able to give him an answer to-morrow.

Hon. R. B. HORNER: Honourable senators, I take issue with the honourable leader of this House (Hon. Mr. Dandurand) with respect to what the present Government has done for the wheat growers of Saskatchewan. This Government abolished the Wheat Board and discontinued set prices, and we were left to the mercy of the market with the rest of our wheat, which was given away before any set price was named. I know personally men who made thousands of dollars gambling in wheat after the set price was discontinued, two years ago this July. I said then that every bushel of wheat would be required here, because there were not more than 230,000,000 bushels of wheat in all Canada; that our elevators would be empty and we would be importing wheat for our own purposes. I said it was a shame and a calamity for the new board appointed by the present Government to be giving away the farmers' wheat without any safeguards. Our farmers had an equity in their wheat. Many of them wished to sell to the board and take participation tickets in the expectation that when the wheat was sold there would be some money coming to them. Had they known the new board was going to put the wheat on the market without any thought for their interest, they would have retained their wheat in their own granaries. What happened? In spite of every Liberal member from the province of Saskatchewan urging the Government to set a price of not less than $1—in fact many asked for $1.15—the wheat was sold—

Hon. Mr. DANDURAND: The amount fixed was 90 cents.

Hon. Mr. HORNER: It was fixed at 87½ cents. We were absolutely debarred from using the Wheat Board unless the price dropped below 90 cents.

Hon. Mr. DANDURAND: Yes.

Hon. Mr. HORNER: The farmers wanted to hold their wheat. They were ready to sell it on the basis I have indicated. But word went around to the elevators that they could not do so. There was to be no board unless the price went below 90 cents. The wheat was sold away below the proper price. A lot was sold to speculators; not grain growers, but gamblers.

In this Chamber and in the other we hear sanctimonious speeches in opposition to hospital sweepstakes, on the ground that sweepstakes encourage gambling. In my view, the Winnipeg Grain Exchange is one of the greatest gambling institutions in the world. All kinds of unfair methods are resorted to there to deprive the farmer of a fair price for his grain.

But that is not the worst feature. When you buy a sweepstake ticket at $2.50, that is all you lose. I know farmers who have lost not only all their money, but their farms as well. They put up so much money on wheat. Then the market weakened and they had to put up more money to cover their holdings.

Now, every elevator agent throughout the country is an agent for the Winnipeg Grain Exchange. The records show that the entire wheat crop of Canada was sold forty-one times on the Winnipeg Grain Exchange. There is an expense of 10 cents a bushel, apart from all other charges, in marketing wheat. The elevator agent in the country, in order to earn his salary, must make money for his employer. He does not say openly to the farmers that they should buy or sell. No. Instead of doing that, he will be standing among a group of farmers and will remark, "If I had the money I would sell to-day"; or, "If I had the money I would buy to-day." The next thing you will see a farmer going to his elevator, and for every thousand bushels of wheat bought from the company that agent gets $3.50 commission. If he sells the wheat a certain number of times, you can see how much he makes in commissions.

My honourable friend (Hon. Mr. Gillis) has criticized the expense of the Turgeon Commission. I notice there is an allowance of $35 a day for living expenses. I can take honourable members to farm families in which husband and wife, both working very hard and raising a little family, do not see $35 in cash during the entire year. I am convinced that Mr. Justice Turgeon could have written his report without assistance from legal counsel. We all know that he has a thorough understanding of the grain question. I submit there was no need of this heavy expense for legal assistance.

If the Government wishes to do something for the farmers of Western Canada, why not give them a futures market for live stock? There is no such market in Canada that I know of. We send our cattle to certain points where they are bought at a stated price by one packer to-day and by another packer to-morrow. We all know that hogs must be sold at a certain weight. Grain can be stored for a year or more. Apparently there is a disposition to insist on our having a futures market for wheat—something we do not need at all. Surely in this civilized age we should not encourage a gambling racket in order to dispose of something that constitutes the livelihood of the people of Western Canada. That is all I wish to say at the present time.

Hon. NORMAN P. LAMBERT: Honourable members, I was not privileged to hear the criticism by the honourable senator from Saskatchewan (Hon. Mr. Gillis) of the Turgeon report on the wheat situation of Western Canada. I have listened with considerable interest to the remarks of the honourable gentleman from Saskatchewan North (Hon. Mr. Horner), who has just taken his seat. I shall not attempt to deal with his references to the possibility of a futures market for live stock and the sincerity of opposition to the Sweepstakes Bill; but I would point out that his description of the recent action of the Wheat Board as being equivalent to engaging in selling wheat to gamblers is slightly overdone, and is wholly unsupported by evidence of any kind.

Hon. Mr. HORNER: It is a well-known fact, and there is evidence to prove it, that the entire crop has been sold forty-one times.

Hon. Mr. LAMBERT: The statement just made by the honourable member may be true of the turnover on an average crop in a year when the Wheat Board was not in existence, but the fact is that the Wheat Board, over which Mr. Murray presided from the time he was appointed late in 1935 until a year ago, sold the wheat direct to the exporters and consumers of wheat without any intermediate gambling process whatsoever.

Hon. Mr. HORNER: Oh, yes, he sold on the Grain Exchange.

Hon. Mr. LAMBERT: Excuse me. I should like to finish this statement.

When Mr. Murray took charge of the Wheat Board the wheat situation was one that anybody with any memory at all can picture without difficulty. Wheat had accumulated in the hands of the Government of this country to the extent of over 300 million bushels. If there is any suggestion of speculation in connection with the policy of selling grain or wheat, it surely can be charged against the operations of the Wheat Board during the three or four years prior to the advent of Mr. Murray as chairman. He sold the accumulations of the board of the three previous years, as well as the harvest of the succeeding years, at prices far exceeding those which had prevailed during the previous years; and for the greater part the fixed price of 87½ cents was not drawn upon at any time during Mr. Murray's régime. It is true that there was established a 90-cent provisional price, at which wheat would begin to be accumulated by the board, and be paid for at 87½ cents; but I draw my honourable friend's attention to the fact that subsequently wheat never reached that price. The farmers sold most of their wheat at over $1 a bushel that year.

Hon. Mr. HORNER: There were some hundred million bushels of wheat sold below 87½ cents at a time when it was evident to any schoolboy in Canada that there was a crop failure, and wheat never stopped going

up till it reached $1.50. My complaint is that my wheat, as well as the wheat of other farmers, was deliberately sold off before the price was set.

Hon. Mr. LAMBERT: I think the honourable senator made the statement that after the price was fixed at 87½ or 90 cents, wheat was deliberately sold—

Hon. Mr. HORNER: Before.

Hon. Mr. LAMBERT: Before. Very well, I think it is only fair to say that the Wheat Board, which was charged with the sale of wheat in this country, having on hand over 300 million bushels, involving many millions of dollars of public money, was justified in liquidating that amount and relieving the people of this country from the overhanging burden that had accumulated during the previous three or four years. After Mr. Murray came into the administration of the wheat sales policy he did sell very freely in order to liquidate that amount and to relieve the exchequer of Canada from that burden; but he more than made up for it by sales following the fixing of the market on the basis of 87½ cents and the provisional figure of 90 cents; and I still question very definitely the statement of the honourable senator (Hon. Mr. Horner) that Mr. Murray during that time sold wheat to gamblers. I think my honourable friend's statement in that respect is absolutely unwarranted, and I would suggest to him that he has no evidence whatever in support of it.

Hon. Mr. HORNER: Except that I bought some myself, and made some money on it.

Hon. Mr. LAMBERT: Did you buy it from the Wheat Board?

Hon. Mr. HORNER: I bought it on the Grain Exchange.

Hon. Mr. LAMBERT: You bought it from a broker, a man who runs a blackboard office and sells options to anyone who appears in front of him.

Hon. Mr. HORNER: Will the honourable senator argue that the wheat was consumed so much faster that it all disappeared? What was done merely meant that someone got the storage. The wheat still remains a hangover to depress the world price.

Hon. Mr. LAMBERT: I suggest to the honourable senator that he is confusing the facts. The wheat sales policy of this country was to dispose of the surplus of wheat and to relieve the country from financial embarrassment.

Hon. Mr. DANDURAND: And relieve the farmer also.

Hon. Mr. LAMBERT: And to relieve the farmer of the embarrassment of an overshadowing proportion of wheat which would have prevented him from getting the price that he did get in the fall seasons of 1935, '36 and '37.

I should like to refer to one other matter, and that is the statement made earlier in the session in the other House that 7,000,000 bushels of wheat represented a speculative enterprise on the part of the Wheat Board. Anyone who knows the facts knows that if it had not been for the foresight and wisdom of the chairman of the Wheat Board last year Western Canada, and particularly Saskatchewan, would have been in very dire straits in the matter of seed wheat. But the prevision of the chairman of the Wheat Board enabled him to foresee the shortage of the higher grades of wheat, and he succeeded in allocating some 7,000,000 bushels of No. 1 and No. 2 Northern grades when they were selling at a premium of 1, 2 and 3 cents over the option in the Winnipeg market. Later on these same grades of wheat, which were represented in the seed requirements of the country, went to a premium of 24 or 25 cents a bushel over the option; but owing to the policy of the Wheat Board, supported by the Wheat Committee of the Government, the farmers of Western Canada were assured not only of a supply of good seed wheat—

Hon. Mr. ASELTINE: At $1.50.

Hon. Mr. LAMBERT: No, sir; it was on the average price. The $1.50 a bushel to which my honourable friend refers was the top price that was registered for the option during that period. The seed wheat was made available to those who required it, at an average price over the period.

Hon. Mr. HAIG: What was that price?

Hon. Mr. LAMBERT: I shall indicate it in a moment. But the supply of seed wheat would never have been available to my honourable friend opposite (Hon. Mr. Horner) and his farmer friends in Saskatchewan if it had not been for the prevision and wisdom of Mr. Murray and his associates. They bought their supply at a small premium over the option, and carried it in the elevators and made it available at a price which was the average price over those months. They did not profiteer in consequence of their correctness of judgment, but made the supply available at cost. I should like to make that very clear, because due credit has not been given in either House

to the actions of the Wheat Board; and if I were to offer any criticism of the Turgeon Commission it would be that it did not give due credit to the record of the Wheat Board for the past two years.

Mr. Murray resigned as chairman of the Wheat Board a year ago this coming July, when he had finished his work, realizing that during the period in which he had functioned the supplies had been consistently liquidated, in keeping with the policy of the Government to sell the overhanging surplus of wheat. I think this country owes him a debt of gratitude for the work he did, and I only regret that his condition of health prevents him from continuing for another year.

Hon. Mr. HAIG: Would the honourable gentleman answer my question as to the price the Saskatchewan farmers had to pay for the wheat?

Hon. Mr. LAMBERT: I indicated that in a general way.

Hon. Mr. HAIG: Give me the figure.

Hon. Mr. LAMBERT: I cannot give you an exact figure, but I can indicate it to you. It was an average figure arrived at on the basis of the cost of the wheat after carrying it for several months.

Hon. Mr. HAIG: You do not know what it was.

Hon. Mr. HORNER: After carrying some of it down the lakes and bringing it back to the West again.

Hon. HENRY A. MULLINS: Honourable senators, I have not taken up much of the time of the House this session, but having lived in the province of Manitoba since the year when we shipped 875 bushels of wheat, I cannot help thinking of the various ways in which the grain farmer has been exploited down through the years. While I listened to the honourable senator from Saskatchewan (Hon. Mr. Gillis) my thoughts went back to the various corporations that sprang up, which were to be of great assistance to the farmers of the West. Men went out there to work the land and to pioneer the country. Then these great saviours came along. I am not going to quarrel with the legal gentlemen, because I have one on each side of me here; but when I think of the enormous fees they receive I cannot but believe they are doing pretty well. I have not had much to do with lawyers, having had only one lawsuit in my life. A cow of mine broke a man's leg and I was sued for damages, and Charlie Millar was my lawyer on that occasion. The legal fees that are being charged remind me, by contrast, of the old pioneers slaving on the land. I lived among the pioneers, and I have always been glad that I was engaged in the cattle business rather than in the wheat business, where a person could be exploited in the way described by the honourable senator from Saskatchewan (Hon. Mr. Gillis) and the other honourable senator opposite (Hon. Mr. Horner).

I have heard a lot about James Murray, and I want to say this about him. He is smart and clever. He is the cleverest trader there is in the West. I pay that tribute to Mr. Murray, whom I know well personally. But I wonder if the farmer got the value for his wheat—if he got all that was coming to him. Why did we budget in the other House for a loss of $15,000,000 on that wheat? We never needed to incur that loss. The wheat ran up too quickly for those who were handling it, when it went to $1.45 or $1.50; that was the trouble. I had more faith that things would turn out all right when Mr. McFarland was handling the wheat. I believe that had he been left in charge a good many million dollars would have gone back to the farmers.

Hon. Mr. LAMBERT: He would not have sold it.

Hon. Mr. MULLINS: Instead of spending on royal commissions such enormous sums as we have heard about to-day, it would be better to go over to Scotland and buy a few pure-bred bulls and bring them out to this country. In that way we should be giving the farmers something that would be of help to them. I was told only this morning by one honourable senator that a herd of cattle which he had fattened in the West had just been sold by him at home for $5.75 a hundred. I know of several other sales at very good prices. I see an honourable gentleman from Ontario who put through a sale at $7.25. These prices indicate that the farmer makes a mistake when he bothers with wheat and leaves himself open to be exploited. The growing of an exclusive wheat crop is all wrong. Unless the farmer goes in for mixed crops and farms the way that the Almighty intended, there will be a failure in Western Canada.

My memory goes back to the time when the great acreages south of the main line of the Canadian Pacific were taken away from us, and when people came in there and destroyed the bunch-grass and tried to farm. The farmers who have gone in for nothing but wheat have been open to exploitation. I repeat, their only hope lies in the raising of live stock and mixed farm products. As we read of the large sums paid to men to

investigate the grain producers' problems it is sad to think how small have been the returns to the producers themselves.

Right Hon. ARTHUR MEIGHEN: Honourable senators—

Hon. Mr. DANDURAND: May I suggest to my right honourable friend, who knows of the work before some of our committees, that if he has extended remarks to make he could perhaps adjourn the debate for the time being, so that we might be free to leave here now and proceed to the committees. It seems to me that if this somewhat academic discussion is to go on, it could be postponed for a little while.

Right Hon. Mr. MEIGHEN: My honourable friend knows that my remarks are never extended. I rise only to make a comment on the general wheat policy of the Administration of late years. I do not at all question the wheat-trading ability of Mr. Murray; nor do I question the general wheat-trading and other capacities of Mr. McFarland. Both are very able men. But to compare the loss under Mr. McFarland and that under Mr. Murray is like comparing the ability of a burglar at night with his ability in the noonday sun. When markets are glutted the world over, when prices fall to starvation levels, how is a man to sell? It takes courage then to hold; and great was the courage of the Administration which on Mr. McFarland's advice held through those very bad years. That policy saved Western Canada from desolation.

Some Hon. SENATORS: Hear, hear.

Right Hon. Mr. MEIGHEN: But for that there would have been nothing short of desolation throughout the West.

Hon. Mr. HAIG: Hear, hear.

Right Hon. Mr. MEIGHEN: True, as prices rose Mr. Murray sold. He sold too soon, but nobody can be 100 per cent right; at least, I cannot.

Hon. Mr. DANDURAND: And no one can say what the morrow will bring.

Hon. Mr. LAMBERT: May I ask my right honourable friend whether he has taken the trouble to peruse the records of the special Wheat Committee, under the chairmanship of the then Prime Minister, which sat towards the end of the 1935 session? I think the evidence given before that committee showed conclusively that the head of the wheat selling agency of that day did not sell when the market went up, on three occasions: earlier in that year, and in each of the two preceding years. It also showed that instead of selling he purchased more options—not wheat, but options; that is, he speculated in futures.

Right Hon. Mr. MEIGHEN: Yes, and he was right in doing so. He did not take advantage of small bulges in the market. He waited for the day which, after a survey of the world-wide wheat field, he saw coming; and he was right.

The Government which saved Western Canada was not the present Government. It is true that this Administration unloaded and released us from our obligations. When the market came right in front of it the Government jumped. It jumped a little too soon, but I do not find fault for that, even though seed had to be bought later at a higher price. But what I want to emphasize is that it did take real courage and a lot of it to carry the grain of the whole Empire through those bad years that we experienced. I remember some of the criticism that was expressed. I had to face a lot of it. It was pretty hard to defend the policy then in Eastern Canada, where the main burden of credit was sustained. But what was done was justified in the event. The service rendered was a tremendous one, comparable with which I know of nothing in the history of our Western land. I do not know that it has had much reward.

Hon. Mr. MARSHALL: Does my right honourable friend not think that lack of rain had more than anything else to do with the increased price?

Right Hon. Mr. MEIGHEN: But we are only one country—

Hon. Mr. MARSHALL: They had a dust bowl in the United States.

Right Hon. Mr. MEIGHEN: Mr. McFarland had nothing to do with the price of wheat, neither had Mr. Murray. Tremendous criticism and risk had to be faced in carrying through, but the stake was Western Canada. What was done had to be done. I know there has not been very much recognition of it. Looking back over the results of the last twenty-five years, one can hardly escape the conclusion that two things are necessary in order to get the Western vote. The first is to do absolutely nothing at all, and the second is to promise very much. And the one sure way to lose that vote is to give practical and courageous help. However, all that is by the way. There was a right thing to do and a wrong thing to do; a strong thing and a weak thing; and the right and strong thing was done.

The honourable leader (Hon. Mr. Dandurand) said that some fifteen commissions had been appointed by the preceding Government.

Hon. Mr. DANDURAND: I think there were more.

Right Hon. Mr. MEIGHEN: But they were different kinds of commissions altogether. There was the Duff Commission, which was comparable with nothing which we have had. And there was the Stamp Commission. Surely if ever any man should have been able to give us some help in our grain business it was Sir Josiah Stamp. Besides, there was the Price Spreads Commission, which was a continuation of a committee of the other House. The rest were appointed to make some special investigations, in relation to alleged misconduct of judges, and things of that kind. But the practice of authorizing commissions to inquire into ordinary matters of policy and administration was not in vogue. One could hardly get a better instance of that practice than in the appointment of this Turgeon Commission. I have an admiration for Judge Turgeon; he is a competent man, and I had to do with his appointment to the Bench. I do not know what of any value the Government felt he would find out which would differ from what was already known about the grain trade. I criticize the creation of the commission on that ground, not because of Mr. Justice Turgeon.

Then the honourable leader says that lawyers are necessary on these bodies. I admit that. But what experience did Colonel Ralston have to make him especially useful in relation to the grain problem of Western Canada? There is no one in this House to whom I yield in admiration for Colonel Ralston as a lawyer and a man. He has great capacity and is very industrious. But if ever a man came to a task without the faintest trace of experience to assist him in the discharge of it, Colonel Ralston did when he came to this grain inquiry. What reasons were there for paying to Colonel Ralston from the treasury of this country the fees which his high standing and great ability command? Besides, he had two or three assistants. I say to the honourable leader that the results of the commission's work are not enough to cover the palm of one's hand.

My honourable friend says: "We are looking after the West sedulously and conscientiously. We are pouring out money in the drought areas." I know that. That is the only thing to do. Surely that is not a policy, and surely it does not take any courage to do it. That is simply following up what was done before, certainly just as thoroughly and, I think, more fairly, under just as dire circumstances. My honourable friend tells us that Mr. Gardiner is a very busy man who is out in the West repeatedly and is looking after that part of the country all the time. I know he is. I think he has not missed a by-election out there, provincial or federal, for years, and certainly he has not missed a general election. He has not missed a political trick in the distribution of relief. There is nothing he misses: he is a very busy man. But I cannot see traceable to him any original policy, or anything in the world except the following up of lines of policy which were in vogue before, and prodigality in the voting of money—indeed, a great deal of such prodigality.

Let the Government determine the big lines of policy which are necessary for the purpose of meeting the exigencies of a sorely tried country, and let it then proceed to work along them. Such action would get the support of both Houses. To my mind Mr. Gardiner's industry does not offer very much hope to Western Canada. And I trust the Government will not rely upon further grain commissions to stave off its responsibility in respect of the Western Provinces.

Hon. Mr. DANDURAND: I would remind my right honourable friend that I stated to this Chamber the policy and work of the Department of Agriculture in the West, as exemplified by legislative measures.

Right Hon. Mr. MEIGHEN: Quite a number of waterworks.

Hon. Mr. DANDURAND: The activities have been very numerous. But we need not go into that now.

FARMERS' CREDITORS ARRANGEMENT ACT

HOUSE OF COMMONS MANAGERS

The Hon. the SPEAKER presented the following message from the House of Commons:

Resolved that a message be sent to the Senate to acquaint Their Honours that Messrs. Crerar, Euler, Ilsley and McLean (Melfort) have been appointed Managers on behalf of this House of the Free Conference with the Senate with respect to the amendments made to Bill No. 25, an Act to amend the Farmers' Creditors Arrangement Act, 1934.

At one o'clock the Senate took recess.

The Senate resumed at 3 p.m.

NATIONAL HOUSING BILL

FIRST READING

A message was received from the House of Commons with Bill 145, an Act to assist the Construction of Houses.

The Bill was read the first time.

SECOND READING

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

Hon. R. DANDURAND: With the leave of the Senate, I would suggest we give this Bill second reading now. I shall explain as concisely as I can its main features, and then, if it is agreeable to honourable members, instead of going into details, we could refer the Bill to the Banking and Commerce Committee. There experts of the Department of Finance can answer any questions that may be asked.

Part I of the Bill involves repeal of the Dominion Housing Act and the re-enactment of portions of it, with important changes and additions designed to bring the facilities of the Act to individuals and communities that have not hitherto benefited from it. This part of the legislation is intended solely for families who wish to own their homes, and strong emphasis is placed upon facilities for families in the lower income brackets and in small and remote communities.

Part II contemplates an experiment on a comprehensive scale in the low rental housing field.

Part III is intended as an attack on the major obstacle retarding the building of new houses, the high level of real property taxes.

Part I, as I have said, repeals and re-enacts portions of the present Dominion Housing Act, with important changes and additions. It will be remembered that the present Dominion Housing Act was passed in 1935. It followed examination of the housing question by a committee of the House of Commons.

Certain grave defects developed in the operation of the Dominion Housing Act. The Government endeavoured to meet those defects in so far as the powers contained in the Act would permit the Government to do so. In September, 1936, by the changed regulations then put into effect, the operation of the Act was liberalized very materially. However, it will be recognized by all who have followed the operation of the Act that it suffers from at least two grave deficiencies. But before dealing with those deficiencies I should at any rate give the Act this commendation. It was the first effort by the Dominion Parliament to deal with the problem of housing; and in spite of the defects and weaknesses which have developed in operation, it should be noted that, prior to May 31 of this year, 4,249 family housing units had been financed, involving an aggregate expenditure of $17,350,000, and as of that date the average loan per family unit was $4,083.

As a consequence of the broadened regulations made available in September, 1936, there has been a considerable acceleration of lending activity under the Act. It nevertheless remains true that the total volume has been substantially less than is desirable.

The defects to which I have already referred are as follows: First, the unwillingness of the lending institutions to make loans in many small and remote communities; and, second, the reluctance of the lending institutions to make loans for small amounts in what they regard as the less desirable residential areas of the larger urban communities, despite the fact that these districts in many instances are the only areas in which it is possible for the people in the relatively low income groups to build houses for themselves. Those are the main defects of the original legislation, and part I of the new Bill seeks to remedy them. The new provisions of part I, I shall now endeavour to summarize briefly.

In the normal case of a loan under part I—and I use the word "normal" as distinct from the special low-cost provisions to which I shall refer later—a housing loan may in future be made for from 70 to 80 per cent of the lending value of the new house, and of this total, whatever it may be, the Dominion will advance 25 per cent and the private lending institution or local municipal authority, as the case may be, 75 per cent. Under the old legislation the Dominion's advance was 20 per cent of the lending value, and the maximum amount of the joint loan was 80 per cent, with provision made by regulation for 75 per cent and 70 per cent loans in certain cases as well. This change will simplify accounting, lessen bookkeeping costs, and eliminate the temptation to manipulate estimates of cost and of appraised value in order to bring the loan within the existing 70, 75 or 80 per cent category.

The Bill provides that in the case where the lending value does not exceed $2,500—that is the definitely low-cost house—a loan may be made up to 90 per cent, of which the Dominion is to advance its 25 per cent. That is to take care of the case where it is difficult for the individual to put up a

minimum equity of 20 per cent at the start. It is expected that we shall be able to get the consent of at least some lending institutions to make these small high-percentage loans to deserving people in certain sections of our larger cities, in suburban and rural areas, in fishing villages, mining towns, and small urban communities generally.

The most important change which we are proposing in this part of the Bill involves the application of the Home Improvement Plan principle of a pooled guarantee in respect of loans made by lending institutions and falling into certain definite categories. It will be observed that the Home Improvement Plan, which has been in operation for over a year and a half, and under which some $16,000,000 have now been advanced for home improvements, involves the pool principle; that is to say, the Government's guarantee of 15 per cent under the Home Improvement Act applies to the aggregate losses of each lending institution operating under the law. We discussed this entire feature quite extensively last session.

As regards the experience up to date, although it is a little early to speak of final results, the losses have been insignificant. The experience therefore is felt to be such as to warrant the Government in attempting to apply the same principle with respect to the construction of low-cost houses. In other words, we are asking for authority to enter into contracts with lending institutions under which we shall guarantee them against loss up to a maximum of 20 per cent of the total amount of 80 per cent loans made by them which do not exceed $4,000 each for a single family dwelling, and made in such communities or districts as may be designated by the Minister, and up to a maximum of 25 per cent guarantee in the case of 90 per cent loans.

These guarantees of 20 and 25 per cent represent maximum limits. It is proposed not only to designate special areas, consisting of small and remote communities in which loans are not now being made, but also to develop a schedule of the amounts that the Government will guarantee. This schedule will be graduated downward in accordance with the size of the loan, say from three to four thousand dollars, and graduated upward in accordance with the percentage which the loan bears to the lending value, that is to say, from 70 to 80 or 90 per cent. In other words, we may go up to the maximum 20 per cent guarantee in the case of 80 per cent loans for $3,000 or less, but the guarantee which we shall give with respect to 70 per cent loans for an amount of $4,000 will be very much less—perhaps as low as 5 per cent. The development of a schedule of this sort will, of course, be a difficult and complex process, and will have to be worked out with great care.

A further important change in connection with part I is to make it possible for a payment to be made to a lending institution to assist it in defraying the special costs incurred in arranging loans, making appraisals, inspections and so forth, in designated small and remote communities. This payment is not to exceed $20 for any loan, plus a mileage allowance fixed by the Minister for necessary travelling expenses, based upon the distance from the nearest place from which the loan can be arranged and supervised by the lending institution.

Another new provision in part I increases the maximum amount which may be paid out by the Minister in respect of advances, losses and expenses. A maximum of ten million dollars was the authority under the old Act. It is proposed to increase this authority to twenty million dollars. Under the old Act the Dominion has already committed itself to $4,500,000 in respect of the $17,350,000 housing construction to which I referred earlier. The figure of $20,000,000 provided in the new Act gives an additional authority of about $15,500,000, which, together with the funds advanced by the lending institutions under the provisions of the Act, should make it possible to make aggregate loans up to $60,000,000 or more under this part of the National Housing Act.

I do not know that this matter is so technical as not to be followed easily by my fellow members.

Part II of the Act is designed to make possible a comprehensive experiment in the field of low rental housing. It is based upon acceptance of the arguments advanced in this connection by the National Employment Commission, and it follows in general, though not in detail, the main lines of the program suggested by that commission.

Briefly, part II provides that the Minister of Finance, with the approval of the Governor in Council, may make loans to local housing authorities to assist in the construction of houses to be leased to families of low income. The aggregate principal amount of the loans under this part is not to exceed $30,000,000.

Local housing authorities may consist of either of two types, depending upon whether, on the one hand, the municipality desires to enlist the co-operation of private enterprise in working out its low rental housing scheme, or whether, on the other hand. it desires to

operate entirely under the municipal authority. If the municipality desires to enlist the co-operation of private enterprise, private capital and business management of a private nature, it may do so through the medium of a limited dividend housing corporation with capital sufficient to provide for 20 per cent of the cost of the project. This capital, it is presumed, will be subscribed by public-spirited citizens who may be expected to plan, construct and administer the enterprise on sound business lines. They are limited to a dividend of 5 per cent on the capital they invest. Secondly, if the municipality desires to operate a low rental housing project under municipal auspices, it may do so through the medium of a commission or other body having authority to construct, hold and manage houses built as a low rental housing project; and in the case of a municipality doing the job itself in this manner it is required to put up an equity of only 10 per cent.

The Dominion's contribution is to be made on the basis of the Dominion supplying the bulk of the funds,—80 per cent in the case of a limited dividend housing corporation, and 90 per cent in the case of a municipality, at very low interest rates. In the case of a limited dividend housing corporation, where the equity subscribed privately must be at least 20 per cent, the interest rate will be $1\frac{3}{4}$ per cent per annum. In the case of other local housing authorities, that is municipal bodies, where the equity required is only 10 per cent, the interest rate is two per cent per annum. Semi-annual payments must be made by the local housing authority to cover interest and to amortize the principal over a long period. The rate of amortization in both cases will mean that the loans will be completely retired in between thirty-four and thirty-five years.

If the local housing authority is a municipal body, then, under the same principle as was enunciated in connection with the Municipal Improvements Assistance Bill, we must ask the provincial government to guarantee repayment of the amounts advanced by the Dominion. No such guarantee is asked of the provinces in connection with a scheme operated by a limited dividend housing corporation.

The municipality must have approved the project, and must have secured the guarantee from the province, if it is to be operated as a purely municipal project. The municipality must also agree that while there is any money owing to the Dominion, municipal taxes on the low rental housing project shall not exceed one per cent annually of the cost of the whole project. We ask the municipality also, in the case of the limited dividend corporation, to agree that if administration by that method involves a shortage in the amount due the Dominion Government, the municipality will reduce taxes still further to enable the shortage to be made up. Not having the guarantee of the provincial government in such cases, we must insist upon a degree of co-operation from the municipality. The municipality must also agree not to levy taxes on the income of a local housing authority. In addition, the municipality may—there is no "must" about it—make additional voluntary contributions to a rent reduction fund, which I shall describe a little later.

No family housing unit in a low rental housing project is to be rented to a family whose family income is equal to more than five times the economic rental of the unit, unless there is no demand for the unit from families of lower income. The logic behind this provision is that a family can afford to pay about 20 per cent of its annual income for rent. If this 20 per cent is sufficient to pay the economic rental of housing accommodation, private enterprise should be able to provide sufficient housing accommodation without any special subsidy from the State. "Economic rental" is defined in the Bill as a rental which gives a return of $9\frac{1}{2}$ per cent on the cost of construction plus the annual municipal taxes. Families of low income are defined as families whose total family income is less than five times the economic rental of a family housing unit built as part of a low rental housing project. The annual rental to be charged a family of low income is not to exceed 20 per cent of the total income of such family. Provision is also made for the possible establishment of a rent reduction fund by voluntary contributions from the province or the municipality concerned. These contributions are not compulsory; but if it is desired by the municipality to lease the accommodation at lower rates than are made possible by the annual carrying charge of the project—that is at rates low enough to meet the needs of families in the very lowest income groups—then the municipality and the province are in a position to reach this objective by making voluntary contributions to the rent reduction fund.

So far as safeguards are concerned, there will be provision that evidence of the need for a low rental housing project must be shown by the municipality. The area must be adequately planned and zoned. The project must be of sufficient size to give reasonable economies. Economic design and sound construction will be required. The management of the local housing authority must be satisfactory. The terms of acquisition of the

land must be satisfactory. The terms of the charter of any local housing authority must be satisfactory. The local housing authority must agree to keep the house in a satisfactory state of repair, and must keep books and accounts and make an annual report to the Minister. A limited dividend housing corporation must give an option to the municipality to buy the project for the amount of the corporation's paid-up capital and any unpaid dividends.

The total of the loans made in any municipality shall not exceed that proportion of $30,000,000 which the population of the municipality bears to the total urban population of Canada on the basis of the 1931 census.

The third part of this Bill is designed for the purpose of making a direct attack, over the next three years, on what is believed by many to be the major factor retarding house construction in this country. While there are other factors, most will admit that the cost of real property taxes in our municipalities is the most important deterrent to the construction of new homes. It is proposed therefore that the Minister of Finance, with the approval of the Governor in Council, shall be authorized to pay the municipal taxes levied upon a house, the construction of which begins between June 1, 1938, and December 31, 1940, up to the following amounts: 100 per cent of such taxes for the first year in which the house is taxed; 50 per cent of such taxes for the second year in which the house is taxed; and 25 per cent of such taxes for the third year in which the house is taxed.

Municipal taxes are defined to include the general municipal tax and the school tax, but exclude special and local improvement taxes. The Minister pays only the increase in such taxes due to the construction of the new house. The principal conditions to be complied with are relatively simple. We think that as an evidence of good faith, having regard to the Dominion's contribution under this part III, municipalities owning a considerable number of lots suitable for the building of low-cost homes should co-operate by making such lots available at a figure not to exceed $50 each to people who want to build low-cost homes.

The second condition is that the cost of the construction of the house must not exceed $4,000. Furthermore, the house must be built by a person for his own occupation, and the owner of the house must be released by the municipality from paying any part of the taxes which the Dominion pays.

Of course, it is impossible to predict how many houses will be built prior to December 31, 1940, as a result of the stimulus given by this part of the new Bill. However, if we assume that during the three years houses eligible for this tax subsidy are constructed to the value of $100,000,000, we can make certain estimates as to the volume of employment created and the aggregate cost to the Dominion.

Let us assume that as a result of this volume of construction municipal assessments will be increased by the same amount, namely, $100,000,000, and that the average tax rate is two and a half per cent of the cost. When we bear in mind that assessments of improvements are frequently on the basis of 60 to 75 per cent, or less, I think these assumptions are reasonably safe. In that case the total cost to the Dominion would be less than $5,000,000 for the three-year period.

It has frequently been estimated that eighty per cent of every dollar spent in house building goes to labour, either directly or indirectly. If this estimate be correct, the $100,000,000 spent on the construction of low-cost housing during the next three years would provide $80,000,000 in wages to workmen in the construction trades and in the building material and supply industries. If that be true, the result would be that for every $1,000 paid in wages the tax subsidy would cost the Dominion about $54.70—and that is very much cheaper than relief.

With these remarks, which I had thought I could make much more concise, but which cover the whole Bill, I move the second reading.

Right Hon. ARTHUR MEIGHEN: Honourable members, I have no trouble in remembering a time when I should have heard with some enthusiasm my honourable friend's estimates and predictions with respect to a measure like this, and should have regarded with pleasure such a fine picture as he has drawn. That time would be about 25 to 50 years ago. I do not doubt that if human beings were all automatons, or regularly constructed machines which could be depended upon to tick or strike at the proper moment, all those calculations might work out with tolerable accuracy. One wonders if we have really got to the stage where no enterprise is to stand on its own feet any more, and no individual is to be expected to conduct his own battle through life. For the life of me I cannot imagine why houses are not built if the building of them is such an inviting occupation as the figures given by my honourable friend would lead us to believe. The only reason I know of why houses are not being built is that they are not a good investment. Taking the hazards over the years, particularly with taxation at its present

level, one cannot make building pay. The housebuilding industry being therefore a hazardous and indeed hopeless undertaking from every standpoint, the Government is called upon to be good enough to get into the field and do what the individual will not do.

To state something that reflects on my own judgment, I remember building castles in the air as I thought of the Soldier Settlement Act. I built them quite innocently, faithfully and honestly. But now, a score of years afterwards, looking back along the path, one can see the ruins. Year after year the Government struggles with the soldier settlement problem, making concessions amounting to millions of dollars, not because it wants to do so, but because it cannot avoid the losses entailed. One might look farther back at the glowing Elysium which was painted when the Transcontinental Railway was to be built at a moderate cost to the taxpayers of this country. We have learned something in the intervening thirty-five years, but we have not learned to refrain from launching upon similar ventures with the same abandon. We are launching upon them all the time. I do not indict this Government more than any other. I only warn my honourable friend that he should not imagine the losses in this matter are going to be within striking distance, even within visible distance, of the figures he has placed before us.

Why, so far as my experience goes, every aggregation of capital, every company that has gone into the business of mortgages on houses, has done so on the basis of a 60 per cent valuation made by its own approved and tried valuators. I should just like to get the average history of companies loaning on houses in this country. I venture to say it has not been a favourable one, even with such stern precautions. The last property I want to own to-day is a house. Fortunately I own none but the one I live in.

The Government, through this policy, is going to become one of the finest landowners in the Dominion; it is going to be the landowner par excellence. It is going to be the house renter, the house repairer, the house taxpayer. There is nothing surer than that. It is going to undertake a business from which thousands of enterprising citizens have turned away. It may be necessary, because the prodigality of these days has brought our taxes to so high a level that the individual will not and cannot engage in such an undertaking, and when the individual will not we must.

I do not know how other people reason, but if I can see in a straight line there is only one possible end: continuous borrowing. We already take the attitude, "Why worry so long as we can borrow more?" We know the reason we can borrow is that individual enterprise is not inviting to capital, and capital runs to shelter under Government loans. But the time will come when that must cease, when we just cannot repay; and I suppose we shall then raise the Aberhartian claptrap cry about human rights being above property rights and run to take refuge under that pretext. I cannot see that we are travelling in any other direction.

I point this out. The Government takes the risk. Just as under the Home Improvement Plan, private capital will not knowingly take any substantial risk that it can avoid. It is not and cannot be the habit of capital to take such risk. The losses, up to a certain percentage, will fall on the Government. That really means we are second mortgagees to the extent of that percentage, and we shall be the first creditors ousted. The Minister says, in effect: "Money which the Government has borrowed has not gone out in housing loans as fast as we should have liked it to go. The $17,000,000 odd which has been used so far is a total which does not attract our imagination. That does not satisfy us. We must find some way of getting money out faster." And he points to the low rate of losses on the $17,000,000. I do not doubt that the calculable losses are at present almost nil, but we have had an experience of only about two and a half years. I wonder that there is even admission of a possibility of loss so early. We are still in the intoxication stage. The "morning after" has not come yet, but it will come, and then we shall be faced with the losses under those percentages. We have come to the losses under the Farm Loan Board now. I can remember when the Director of Farm Loans attended one of our committees and told us about the meagre fractional percentage of losses. He just smiled at the thought of anybody being concerned over that. But he does not smile to-day. So it will be with these housing loans. The ones that can be segregated and identified as losses are as yet almost non-existent, but the time is coming when the losses will emerge.

It is the same with every business on earth, but in construction particularly the time is bound to come when losses will have developed. While farm loaning is hazardous and in my judgment will sooner or later cause the Dominion to be the one big farm loaner in

this country—and the last Government is in large measure responsible for that—house loaning is a great deal more hazardous; it is hazardous to the last degree. The headaches which will result from our loaning on houses will be far more painful and ominous than those which follow from our loaning on farms.

The Minister provides, however, that municipalities shall make contributions. After getting a copy of the Bill and reaching my seat I read all I could of the provisions, but I did not get a full appreciation of the concessions required from municipalities. From what has been said by the honourable leader of the Government here, though, I realize they are very substantial. In respect of part II the concession, I think, covers everything above ten mills in the dollar.

Hon. Mr. DANDURAND: The Minister may pay 50 per cent of municipal taxes for the second year and 25 per cent for the third year.

Right Hon. Mr. MEIGHEN: That is under the third part of the Bill, not the second part. Now let us examine the full meaning of that concession. Houses for rent are owned by individuals or companies. It is far better to consider the companies as individuals, for they really are just aggregations of individuals; their holdings are the holdings of an aggregation of individuals, sometimes running into the thousands. So individuals are owners of houses in our towns and cities. If there is one class of capitalist or so-called capitalist whom I pity most it is that class of individuals who own houses and rent them. A great many tenants are on relief. Rentals are at the very minimum and almost no care is taken of buildings: they are left to go to rack and ruin. Sometimes the landlord is able to sustain himself, and get his taxes paid and perhaps the mortgage; but very often he cannot do this and the house is given up to the municipality. Many a good house as well as a poor one has been turned over to the municipalities, which to-day are very large owners of real estate within their borders.

Now the Government comes along and says to the municipality, "We will lend money at a very low rate if you will release a large percentage of your taxes." Well, what happens? A good and shrewd tenant will find it pays him better to build a house than to continue as tenant. By building he will be bonused by the municipality and money will be made available to him at a low rate of interest. But what about the landlord, the owner of the house? What is being done for him? This discrimination in favour of one person is a discrimination against another. Did that occur to the mind of the Government? The landlord is to-day in the most unfortunate business on earth. The Government is going to make his lot harder still, for it is taking action that will cause him to lose good tenants and eventually to turn his houses over to the municipality. This inducement to people to build houses will mean a multiplication of the number of properties already owned by municipalities.

I do not think I am exaggerating in this. I ask the honourable leader to wait for, say, ten years. When the sun is up the early morning is bright, but later on the shades of evening come. It may be possibly ten years before the evening of this legislation comes, but it inevitably must come. I do not see how the Government can stand and face house owners whose properties will certainly be damaged by this policy now being launched, particularly those numberless small owners whose entire savings have been invested in their properties. Houses have been popular as a form of investment because it is one that people have understood; they have been able to keep them under their eye, and to go around and collect their rents.

The principal feature of this policy which will injure the small house owner is the taxation feature, the concession from the municipality. Of course he will be injured as well by increased competition, by the building of more new houses. This is one of these instances where things look very bright until you closely examine the ground and find out who is going to be hit here and who there. I know this is not the first Government which has introduced plans of this sort. Far-away fields are green, and we sometimes hear of wonderful results from similar plans put into operation at a distance. I do not know whether housing schemes in other countries have been along the lines proposed here or not, but in any event I believe that some distant fields will look less green a number of years hence than they do now. In fact, I hear reports that some of them are already pretty well sunburned and dried out. In any event, it is not certain that a scheme suitable for an older and more thickly populated country would succeed here.

What I have tried to urge upon the Government for a long time I now urge again as a final word. All these things are palliatives, discriminatory and dangerous palliatives. The real cure is a solid, sane, economic administration of the affairs that a Government must administer, a refusal to launch into new matters really beyond its function, the steady reduction of taxation which would come as a consequence of such policies, and the release of human energy and enterprise in those activities in which men are eager to engage

if only conditions are sufficiently fit and inviting to make it humanly possible for their efforts to meet with success.

Hon. JOHN T. HAIG: Honourable senators, I fear that, generally speaking, Western cities will not be benefited by this legislation. Their trouble is the cost of relief. They already have plenty of accommodation for their people. Take a city like Winnipeg. Housing accommodation is ample, but unfortunately the tax burden on real estate is so heavy that nobody, speculator or prospective home owner, will build. It is much cheaper to rent than to own. That is one obstacle. Another is the restricted rent which under Government regulation house owners can receive from reliefees. For instance, in Winnipeg the maximum rent payable by a person on relief is $16 a month. Now, no suitable accommodation can be profitably built when the return is limited to that figure.

A case could be made out for this Bill if it were a slum-clearance measure, designed to get rid of unsanitary houses in the worst districts. Half of the total health services furnished by Winnipeg are made necessary by one-quarter of the population. I suppose a similar statement could be made about most large cities. In once fashionable residential quarters two to five families are living in a single house, with the result that the health of the people in such sections is very poor. But no case can be made out for a measure to induce individuals to build houses or companies to lend money for construction. You could borrow all the money you wanted on houses in Winnipeg right now if it were not for the high taxes that have grown out of relief costs. Our city has been going behind these last six years to the extent of those relief costs. Part of the money has been borrowed from banks and part from the Provincial Government, which in turn borrowed it from the Dominion. If the Federal Government would take over the cost of relief it would not be necessary to provide house-building money at low rates, for private interests would be only too glad to do all the construction necessary.

It is said that this Bill will make it possible for people to build homes in small or remote communities. I do not think any company will lend a dollar in such areas. The honourable leader of the Government knows that about ten days ago representatives of lending institutions, life insurance companies and others, met the Government, and no encouragement was given to the proposal to lend money in outlying districts. What is the reason why such loans will not be made? It is simply that the companies have had an unfortunate experience with them. The history of the Sun Life, the Mutual Life, the Canada Permanent, the Canada Life and others will show that in nearly every case of this kind there was a loss. It is easy to understand this. Suppose you lend $500 or $1,000 on a little house in one of these remote sections. If payments are not kept up and the house comes back on your hands, you will have great difficulty in selling it at all. I know that in Ontario and Quebec there are some small districts inhabited by workers in industrial plants. These are not the sections which I have in mind; I am talking about small communities in agricultural, fishing or lumbering regions. I could point to scores of small places in Manitoba, Saskatchewan and Alberta where you never could sell a house at all once it came back on your hands.

I know that the council of the city of Winnipeg is in favour of this municipal loans scheme, and I admit it will give a certain amount of work. However, I had personal experience of nearly nine years in the building business, from 1921 to 1930, and I know that private enterprise would be eager to build houses if there were any possibility of a reasonable return on cost. Most of the Winnipeg people who work on the railroads, at the Grain Exchange and in the stores have an inherent desire to own their homes, and they would quickly become home owners if they could possibly figure out with pen or pencil that it would not be to their disadvantage to do so.

Nearly all vacant houses in Winnipeg are to-day owned by the municipality, as is a very large part of the downtown residential area. The value of real estate that has been taken over for failure to pay taxes runs into millions and millions of dollars. If relief costs had to be paid out of current receipts, instead of out of borrowed moneys, the city would be bankrupt. In fact it has difficulty in carrying on now, and an investigation is to be made within a few days. I think the same is true of Regina, of Moose Jaw, of Saskatoon, of Calgary, of Edmonton. This scheme will be of no use in providing employment except where municipalities themselves borrow the money. Then those municipalities and the Government between them will own the houses.

My honourable friend's (Hon. Mr. Dandurand's) figure of 80 per cent of the cost of building as the proportion paid to labour is a long way off the mark. I venture to suggest that on the whole it is not even 50 per cent. No matter in what detail you calculate the cost of the labour element in construction,

you will find that 60 per cent is the maximum; and again I speak with some authority. It has been figured out time and again. On larger houses it is doubtful whether it runs up to 40 per cent, but on smaller houses it runs higher.

Speaking for Winnipeg, I think there will be very little private building undertaken. In my view a far better scheme would be for the Government to shoulder the cost of unemployment relief. This would help to solve the problem, for then, I believe, local industry and enterprise would engage in building houses. I do not think anyone can take pencil and paper and satisfy me that people in Montreal, for instance, can pay its tax rate—as they will have to do if they are to pay off the municipal debt—and build houses as cheaply as they are to be built under this scheme.

I shall vote for the Bill, but I am positive it will not bring any relief to the provinces which we are desirous of helping.

Hon. Mr. DANDURAND: My honourable friend suggests that a transfer to the federal taxpayer of the share which the municipal taxpayer pays for relief would cure many evils in our municipalities. I would point out to him that the load would simply be shifted from one shoulder to the other, for the Federal Treasury would have to carry the whole burden and levy additional taxes to meet its added obligations.

Hon. Mr. HAIG: In answer to my honourable friend I would say the difference is this. When a person builds a house for himself he regards it as his home and exerts himself to pay off the mortgage as soon as possible. Under a housing scheme the owner has an equity in some cases of only 10 per cent, which is a very small stake. In the old days 50 per cent was considered a safe amount to loan on a house, then it went up to 60 per cent, and later even to 80 per cent, where surely you have reached the danger point. I say that relief will come in the form of local industry being stabilized.

Hon. R. B. HORNER: I doubt whether this legislation will be used to any great extent, but if it were, I think, it would do great injury. While those sponsoring the Bill may believe it will benefit conditions in this country, I can see a grave danger that they will be made much worse. I refer to the fact that to-day we have far too many of our citizens living in urban centres. Go wherever you will, you will find vacant farms. I would suggest to the Government a scheme whereby they could make self-liquidating loans. Many of our delightful farm homes are still using coal-oil lamps and other out-of-date equipment. Let the Government send out experts to help the owners modernize such homes. This would help to bring about a permanent solution of our unemployment problem, for in addition to the resultant stimulation of business, this modernization would encourage many young people to remain on the farm. You may build more and more houses to combat unemployment, but you must stop somewhere, and when you do stop you are in a worse position than when you started. The carrying out of my suggestion would help to retain our young people permanently on the farm.

Hon. J. A. CALDER: Honourable senators, it seems to me that the conditions are really not as grave as they appear to be. We have two housing problems confronting us. One is the slum situation in all our larger cities. I agree that if anything can or should be done by the Federal Government to clean up that situation, it should be done as far as possible.

Outside of that, except for the extraordinary conditions which have existed during the past two or three years, there is in my judgment no necessity at all for this legislation. Our trouble is the result of what? The depression. This means lack of money. Take my own city, Regina. I agree with the honourable the junior member from Winnipeg (Hon. Mr. Haig) that there are plenty of houses in Regina. The only difficulty is that the people have not the money to rent them. This is equally true of every city, town and village in Western Canada. If the owner desires to let his house, instead of getting a rent of $25, $35, $40 or $50 a month, as he did in former years, he must be satisfied with $15. In that sense there is no such necessity for housing as there is for slum clearance.

I repeat, our people have no money. As my honourable friend has said, the efforts of this nation should be directed towards creating conditions to end the depression. Whether or not it can be done is a big question. I am strongly inclined to the view that the depression exists in Canada because it is world-wide; everything taking place in the United States and in Europe and in the rest of the world is affecting us. We have not sufficient earning power to-day in this country simply because earning power is clogged elsewhere in the world. Nevertheless, our Government should endeavour in every way possible to increase the earning power of the people, which in turn will increase their spending power. This, I think, is undoubtedly the object which the Government has in view in proposing this legislation. Its purpose is to create opportunities whereby our people may earn money to spend. But there must be a limit to this sort of thing; otherwise, eventually,

there can be only one result: the debt of this country will grow until it becomes simply an insupportable burden. We may have to face that eventually. Such is the trend of the world everywhere—expenditure of billions of dollars in an effort to overcome depression.

As regards any actual necessity for this Bill, I say it does not exist; but as to the desirability of providing work for our people and getting money into circulation, yes, this measure will help a good deal.

Hon. G. LACASSE: Honourable members, I am surprised at my right honourable friend's (Right Hon. Mr. Meighen's) lack of enthusiasm for this scheme. His changed attitude towards a certain scheme which he sponsored so whole-heartedly in this House four years ago creates a precedent which may explain his lack of enthusiasm for any new plans evolved by the present Government. I refer to the Farmers' Creditors Arrangement Act.

Right Hon. Mr. MEIGHEN: That is not a spending Act.

Hon. Mr. LACASSE: It has created considerable embarrassment for many people who had money invested. I quite agree with what he has said about it on the floor of this House; but he must admit that in that instance he lacked far-sightedness. At least that is how I interpreted his attitude towards the Bill which we dealt with recently to amend that legislation.

I think we should apply to our study of the depression the same principle as we would apply to a medical case: in order to remove the effects we should first try to find the causes. That is the only practical way to study any problem. Of course, we must distinguish between causes and occasions. I think one of the main causes of the depression is our more or less free spending of money in days gone by, both individually and collectively. But the principal point I wish to emphasize is that mentioned by my honourable friend from Saskatchewan North (Hon. Mr. Horner)—the lack of equilibrium between our rural and our urban population. I am afraid successive governments must be blamed for this situation, more perhaps because of things they failed to do than of what they did. As individuals we too must share the blame. How many poor farmers do I know in my own district whose sons have deserted them and gone to get fat wages in the city! With the depression came disillusionment, and many of those young men are to-day on relief. In the meantime the old father, getting more and more crippled and discouraged, has had to let everything drift. We have to face this anomaly, that in a country mainly agricultural our rural population are but 40 per cent; 60 per cent of our people are crowded together in urban centres. I should have been pleased to see the attention of the Minister directed to this anomaly.

In saying this, however, I wish to give full credit to the members of the present Government, particularly to the honourable Minister of Finance, for their honest, earnest and sincere efforts to solve this problem of depression. I think the preceding Government also tried to do its best towards this end when, six or seven years ago, it proposed legislation which we in this House then accepted without much enthusiasm.

Hon. Mr. DANDURAND: Honourable senators, my right honourable friend (Right Hon. Mr. Meighen) has spoken of the enthusiasm with which we went into schemes in years gone by, and also in more recent years, to better the condition of certain groups of our people. He instanced the Soldier Settlement Act. I would draw the attention of himself and other honourable senators to the fact that we are now facing a condition which has been with us for the last five or six years, during which time we have been trying to provide more work for our people. As my honourable friend from Saltcoats (Hon. Mr. Calder) has said, the object of this Bill is to increase purchasing power by providing more work. I think that is the main reason for this measure. Conditions are very different to-day from what they were before 1929, and we must examine the Bill in the light of that fact. The National Employment Commission, after investigating conditions prevailing throughout the country, came to the conclusion that this was one of the schemes which should be tried for the purpose of offsetting unemployment.

I appreciate the importance of my right honourable friend's argument that under this Bill present property owners will be in competition with new property owners; but I cannot help thinking that if by encouraging the building trades we can increase opportunities for work we shall make considerable progress, inasmuch as some 80 per cent of building costs go to labour.

The loaning of money is surrounded by as many safeguards as could be devised. I do not say the Government will not lose money, but it strikes me nothing will bring to our people a greater measure of relief than the stimulation of the building industry, which in its various activities extends from the raw materials of the mine, the forest and the quarry to the finished products that enter into every

building. If we can expand that work, and free our people from a certain amount of taxation, the encouragement, I think, should go a long way towards bringing this scheme into successful operation.

We all know that one of the principal reasons why people are not building in our towns and cities is that municipal taxation is too heavy, and therefore there can be no return for the builder. Under this Bill municipal taxation will be lessened for a certain number of years, and it may be that the increased facilities for borrowing money and reducing the burden of taxation may help the scheme along. I think it was in 1934 or 1935 that we had before us similar legislation proposed by my right honourable friend. I do not recall the particular Bill on which I expressed the opinion—

Right Hon. Mr. MEIGHEN: The Farm Loan Bill.

Hon. Mr. DANDURAND: —that we should perhaps create a fund of $100,000,000 to help the building of low-cost houses in order to give the people outright 20 per cent of the cost and lessen the burden of taxation. I made that suggestion because I felt that $100,000,000 would represent $500,000,000 worth of construction, which would perhaps set the wheels of industry moving. It seemed to me that an annual appropriation of $20,000,000 was less than the amount we were paying out in relief every year, and I thought some such scheme would help to solve our unemployment problem. The Government has now proposed another formula, and I think it is worth studying and putting into operation.

I believe that in cities like Montreal and Toronto there is considerable need for new houses. I know there would be an advantage in wiping out slum districts and building new houses; but we have plenty of vacant land around our cities, and, in my opinion, when this building scheme is well under way, it will gradually bring about a transformation of our slum districts by giving an object-lesson in low-cost building of the proper kind.

With these few remarks, I would suggest that unless the Senate is prepared to pass the Bill now, we might give it second reading and then send it to committee.

Hon. HENRY A. MULLINS: Honourable senators, I have listened with some interest to the remarks of the honourable the younger member from Winnipeg (Hon. Mr. Haig). I want to say, for his information, that in that city we passed through a depression similar to that which we are experiencing now. I remember men who accumulated a large amount of wealth by the purchase of real estate in a period like this. To my mind, it is better to buy farm lands than city property. If I were slightly younger I would purchase farm lands to-day in preference to property in the city of Winnipeg, which my honourable friend (Hon. Mr. Haig) and I both know very well. A friend of mine who died left an estate worth $6,000,000 which was accumulated in a period of depression.

I am willing to support this Bill for the help it will give in improving farm homes. There is no place where a bath is as much needed as on the farm, and if under this measure money can be advanced to assist in making the farms more habitable, it will do a great deal in the interest of this country.

But do not get discouraged and quote the story you have heard about the situation in the city of Winnipeg. I do not expect all this trouble to continue. I look for the day to come when we shall be out of all this mess and you will all be clamouring, as you were in days gone by, to purchase real estate in the city of Winnipeg.

Some Hon. SENATORS: Hear, hear.

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

REFERRED TO COMMITTEE

Hon. Mr. DANDURAND moved that the Bill be referred to the Committee on Banking and Commerce.

Right Hon. Mr. MEIGHEN: Honourable members, I do not want the Government to be wholly discouraged; so I am going to say a word of commendation. I do not think it has yet succeeded in getting order out of the chaos of its budget, but in so far as it does so by the removal of the sales tax on construction materials it will improve the situation of the construction industry more than this measure will improve it in a lifetime. That is the means to take to start things moving; that and the reduction of the estimates. The biggest shock I got this session occurred when the supplementary estimates were brought down. Reduce those estimates, and then take the tax off, say, ice cream and other materials of that kind, and you will have progress. I know of a company in the city of Winnipeg which has had to default its bond interest and has not paid a dollar for two years, because everything it has earned has gone to the Government in the ice cream and sweets tax. It would be in bankruptcy and approximately 150 persons would be thrown out of work were it not for the company that holds the bonds, which are really owned by thousands

of people. It may be that in places where there is a large area of custom this particular type of industry can be made to go, even under the tax; but that is not true of a large part of Canada. The Government to-day, through its taxation, has simply absorbed bonds into its own possession, and has become the owner. Is it any wonder there is unemployment? By taking the sales tax off the construction materials you will do more to encourage the construction industry than you can accomplish between now and eternity by artificial methods and by the Government getting into business. Extend the same principle into the other sphere I mention and you will save from unemployment more than 100 persons in the city of Winnipeg, and will probably bring into that very industry scores of others who are now hungry for a job. That is the method to pursue.

Hon. Mr. DANDURAND: I am very glad to hear my right honourable friend express that view. I may say that I called the attention of the Government to similar cases in other lines of activity, where the whole of the profit from the work done went to the Government. The Minister of Finance was quite responsive to that situation, but, unfortunately, during the year there developed such exceptional demands for levies upon the treasury that, though he had hoped to balance his budget, he found himself $13,000,000 behind. He is praying Providence that the situation may turn in such a way that, with good crops in the West, he may be able to alleviate the sufferings of the people when he presents his next budget.

Right Hon. Mr. MEIGHEN: Let him recall those estimates.

Hon. Mr. DANDURAND: If my right honourable friend examines them in the light of necessity, he will find, I think, that he would have voted for them had he been in the Cabinet.

The motion was agreed to.

At 6 o'clock the Senate took recess.

The Senate resumed at 8 p.m.

BUSINESS OF THE SENATE

Hon. Mr. DANDURAND moved that when the Senate adjourns this evening it stand adjourned until to-morrow morning at half past ten o'clock.

He said: Honourable senators, I have received four Bills which have passed the House of Commons, but have not yet reached His Honour the Speaker. One is the Special War Revenue Bill, which provides for a number of changes in the Act, and is of course a money Bill. The others are the Bank Bill, the Seeds Bill and the Dairy Industry Bill. In the circumstances I would suggest that we meet to-morrow morning at half past ten. These measures should be before us then, and we may deal with them in this Chamber or send them to committee, as honourable members desire.

Hon. Mr. WHITE: Honourable senators, a meeting of the Internal Economy Committee is called for 10.30 to-morrow morning.

Hon. Mr. DANDURAND: I suggest to my honourable friend that that committee sit in the luncheon adjournment.

Hon. Mr. MURDOCK: Or when the Senate rises to-morrow morning.

Hon. Mr. DANDURAND: I would remind the House that Managers of the Senate meet Managers of the House of Commons at the Free Conference on the Farmers' Creditors Arrangement Act at 2.30 to-morrow afternoon.

The motion was agreed to.

The Senate adjourned until to-morrow at 10.30 a.m.

THE SENATE

Wednesday, June 29, 1938.

The Senate met at 10.30 a.m., the Speaker in the Chair.

Prayers and routine proceedings.

TRANSPORT BILL

REPORT OF COMMITTEE

Right Hon. Mr. GRAHAM presented, and moved concurrence in, the report of the Standing Committee on Railways, Telegraphs and Harbours on Bill 31, an Act to establish a Board of Transport Commissioners for Canada, with authority in respect of transport by railways, ships and aircraft.

Right Hon. ARTHUR MEIGHEN: Honourable members, I am rising to concur in the amendments, but I feel I ought to make a statement with respect to the Bill as a whole as it now emerges from committee. A great deal of work has been done on it in committee, though under the stress of some haste, the end of the session being near.

It will be recalled that a similar Bill was introduced here a year ago, but it was vastly more extensive than the present one.

Last year's Bill sought to vest in the Board of Railway Commissioners, to be called the Board of Transport Commissioners, jurisdiction in respect of interprovincial truck and bus traffic. This feature aroused very serious antagonism throughout Canada. I think nearly all the provinces were represented before the committee and opposed this, and, indeed, other features of the Bill.

In respect of air transport, last year's Bill was much the same as this year's. Honourable members will recall that last year there was little if any opposition to the part dealing with that subject.

In the Bill of a year ago the provisions with respect to the licensing of boats and water carriers were much more extensive than in the present measure. There was deleted from that Bill any attempt to regulate coastal traffic on the Atlantic and Pacific respectively. The portion deleted included in the definition of coastal traffic the traffic between eastern maritime ports and Montreal not loaded west of Father Point.

The Bill of last year introduced an entirely new principle into our railway rate structure, namely, agreed charges. While it was quite clear that the purpose was to give the railways fairer conditions for competing with the new instruments of transit, yet the railways did not come forward and frankly present their case, as they alone were equipped to do. Apparently they left the whole matter to be decided on the merits. This year the provisions respecting agreed charges reappear. When the measure was before us in 1937 the antagonism to them was very general. Representative associations of shippers and traffic men throughout the country were very firmly and persistently opposed to the introduction of this principle, involving, as they thought, a dislocation of the very excellent principle of uniformity which came into our law early in the century, and which has since been enforced and administered by the Railway Commission. The objections were not confined to the railways; they extended to the lake carriers and to shippers generally. As a consequence, there was not general consent in 1937 to the provisions respecting agreed charges. But, coming to the present Bill, the House will note that the part dealing with agreed charges has passed virtually as introduced.

I shall review the history of lake carrier supervision. The Bill in that regard has been in some way, in a rather important way, I admit, amended in committee. Honourable members will recall that from the Bill which emerged a year ago there had been deleted coastwise traffic on the Atlantic, as I have already defined it, and coastwise traffic on the Pacific. This year bulk traffic has been deleted. Indeed, bulk traffic, in the main, was absent from the purview of the Bill when it reached this House. No doubt this curtailment was made during the preparation of the measure because of the very determined objection to control and licensing of boats carrying bulk traffic, chiefly grain, from Western Canada. In the committee of our House there has been a little extension; that is, bulk traffic has been given a slightly more liberal definition.

The main step taken in the committee of the Senate this year as respects the licensing of water carriers has been the deletion from the Bill of strict control of intercoastal traffic between the Atlantic and the Pacific through the Panama Canal. The committee felt it would be going a long way indeed, especially at a time when that business is in its infancy and only beginning to develop, to enter the field of ocean traffic in the face of a very determined opposition, from the Pacific coast at any rate, and to pursue a policy which, though it would result in benefits to business now subsisting between our two shores, would entail the risk of giving an advantage to American competitors on the Pacific coast as against carriers who ship from our Pacific coast into Eastern Canadian waters. That is the main amendment made in our committee, and I think the Bill still goes a very considerable length in the way of seeking to regularize traffic on our lakes.

My principal reason for rising is to express a measure of reservation or doubt as to the wisdom of launching upon this regulatory policy in respect of Great Lakes traffic. It is not supported by the majority of carriers on the Great Lakes. Its support, so far as I recall—I think I am correct—was confined to the major carrier, the Canada Steamship Company.

Hon. Mr. DANDURAND: In package freight.

Right Hon. Mr. MEIGHEN: Almost the only carrier of package freight. I do not doubt at all the bona fides of the intent. I know that attempts to regulate lake traffic in the past have been rather disastrous, but this one may succeed; and for my part I am willing to have it given a trial if the Bill passes. I think, however, the Minister would be most ill-advised to go further at the present time. If this degree of regulation is a success, then of course it is within his right to come to Parliament to ask an extension,

possibly, to the inter-oceanic traffic to which I have just referred.

The second reason I have for making a statement at the present time has to do with agreed charges. I referred to the universal opposition which mustered itself before the committee a year ago, and to the failure on the part of the railways at that time to sponsor the Bill and support it aggressively. This year a somewhat different situation presented itself. The railway representatives came forward and frankly stated that in their judgment the measure was only an instalment of justice for them in the keen competition with which they are now confronted, and they advanced arguments in support of the Bill. I know of no arguments made before the committee in support of agreed charges except those arguments which were presented by the sponsor of the Bill in the other House and by the railways. From end to end of the country there came representations against the agreed charges provisions. My own mail has been cluttered for months with protests against agreed charges, all of which protests I have read, and I have not received one communication in support of those provisions of the Bill. I fancy a somewhat similar experience has been the lot of every honourable member. Wherever I have been I have been waited upon and asked to hear representations, always against agreed charges. I do not doubt for a minute the bona fides of the opposition, particularly from those who represent our various industries throughout the country, or of their apprehension as to the effect which these agreed charges provisions may have.

I am going to confess frankly that a year ago I was opposed to agreed charges. In committee I opposed them on the strength of the fact that the representations were all against them. But now I have determined, as far as I am concerned, to give agreed charges an opportunity. I was very much impressed by the argument made by Mr. Rand, of the Canadian National Railways, before the committee, the reason being that I could not answer the argument either in his presence or in his absence. Without being too confident that my decision is right, I intend definitely to support agreed charges, because I am convinced by the argument presented that they should be given a fair trial in this country. I shall do so in the knowledge that this is one of the most unpopular legislative proposals that have come before Parliament in many a day. It is not for this House, though, to canvass the popularity of legislation. If we have any function to perform it is to canvass the merits, and the merits alone, and, because I have been convinced of the merits of this proposal I should like to see it given a fair trial in Canada and to observe what the results will be. I support the Bill in its present form.

Hon. G. GORDON: Honourable senators, for the life of me I cannot understand how any person can put up any kind of argument for agreed charges, and I prophesy that as time goes on, if this Bill passes, they are going to do harm to the railways. I cannot understand why the railways come here asking for agreed charges and at the same time contend the rates under which they are operating are as low as railway rates anywhere else in the world, if not lower. One of the chief functions of the Railway Commission, the most important one, it seems to me, was to see that agreed charges were not put into effect. To my mind this proposal is a most vicious and retrograde step, and I shall be sorry to see the House agree to it.

Right Hon. GEORGE P. GRAHAM: It has not agreed to it yet, but I think it will.

As a matter of fact, my honourable friend's memory is short, or he would remember the reception given by the shippers to the Bill establishing the Board of Railway Commissioners. They thought it was a good thing in theory, but bad for their business. I remember that shortly after I came into the Government I received letters opposing the Board of Railway Commissioners, and those letters contained the same arguments which are advanced against agreed charges to-day. It was said the people were going to be ruined because they were not to be allowed to manage their own affairs. But the world moves on. To my mind the Board of Railway Commissioners has done a great piece of work for the industries of Canada, and for the people as well.

Now, if agreed charges are fair, and I think they are, surely they will provide one way, without injuring any business, but rather by helping it, of giving a little aid to our railways in the troubles which we have been investigating for months. I have been in favour of agreed charges because of my experience in the control and regulation of traffic. I believe they will be of assistance in solving the general transportation problem. If that be the case, they are worth while.

My only reason for rising was to remind my honourable friend (Hon. Mr. Gordon) that I could show him trunks full of correspondence opposing the establishment of the Board of Railway Commissioners.

Hon. Mr. GORDON: What difference does that make?

Right Hon. Mr. GRAHAM: I just wanted to point out that human nature remains the same.

The right honourable gentleman (Right Hon. Mr. Meighen) has given us a complete résumé of what the Bill was, what has been done to it, and what it is now. The reason we may appear to be hurrying on a little is that we want to get the Bill back to the House of Commons if we can.

Hon. J. A. CALDER: Honourable members, I wish to say just a few words on one feature of this Bill. Some honourable senators may remember that I opposed it last year, chiefly on the ground that we had no evidence before us as to the operation of agreed charges in Great Britain. That feature has now been cleared up to my satisfaction. I understand that one witness before the committee gave a full description of agreed charges, what they are, how they work and what is their purpose. Although I was not present when he gave his evidence, I have since read it. Besides, we have been furnished with other statements in reference to the operation of agreed charges in Great Britain. I concede that, in a sense, agreed charges are opposed in our rate-fixing plan. They are reminiscent of the old custom of making secret agreements whereby one person would have an advantage over others with respect to rates. That practice is, I think, well provided against by this Bill; it cannot occur if the Bill is passed.

As was said by the honourable member who has just taken his seat, we are living in changing times; people have different ideas from those they had some years ago. Now, while the railway situation in Great Britain is not at all similar to ours, nevertheless it is interesting to note that the attitude of the British people towards the railway problem is entirely different from what I believe to be the attitude of the great mass of the people of Canada. During our discussions in the Railway Committee the fear of monopoly was expressed time and time again, and the suggestion was made that the people of Canada would not stand for lack of competition. I have no doubt at all that before the railway situation in Great Britain was changed the people there held exactly the same view as to competition, and had the same fear of monopoly. But what do we find the present situation in Great Britain to be? Not only do they no longer fear lack of competition, but they demand that vicious competition as formerly carried on, which resulted in great waste, should be ended. It appears from the story as I have read it that even the labour organizations of that country defend amalgamation in every way possible as a means of securing efficiency and better conditions. I am convinced that if our railway problem continues as it is, the same attitude will develop here in due course. Our people are not ready for it yet, by any means. There is no doubt at all that the principle of unification has been adopted in very large measure in England—

Hon. Mr. DANDURAND: Under four systems.

Hon. Mr. CALDER: Yes, under four systems, but those four systems are to-day endeavouring to eliminate every competitive feature that they can; and, further than that, they are pooling passenger and freight traffic where possible. Just the other day I was reading in one of the documents I have received that goods are not necessarily shipped over that particular system to which the shipper takes them; they go over the shortest route, whatever it may be. They are pooling all their freight—

Hon. Mr. DANDURAND: By co-operation.

Hon. Mr. CALDER: Yes, by co-operation; but the point is, they are pooling their freight, the idea being to eliminate unnecessary expense resulting from competition.

Now I come to the matter of agreed charges. When I came into the Chamber the right honourable leader on this side (Right Hon. Mr. Meighen) was intimating that he approved of giving this provision a fair trial. Personally I should like to see a time limit placed upon the experiment.

Hon. Mr. DANDURAND: We remain the masters.

Hon. Mr. CALDER: Yes, we remain the masters; we can change it at any time. But if we inserted a limitation, say for a period of three years, the railway companies might be more careful not to abuse the provision in any way, knowing that it would be terminated unless they made proper use of the right given them in this regard. However, such a limitation is scarcely necessary, I suppose, because Parliament is the master, and if the railway companies do not act properly Parliament can withdraw the right later.

Hon. L. COTE: Honourable senators, I take the same view with regard to agreed charges as does the honourable senator who has just spoken (Hon. Mr. Calder). I have no objection to giving the railways the right to make agreed charges. It is an experiment, and if it does not turn out satisfactorily we

can afterwards amend the law and place the railways back in the position where they now are.

If the Bill contained nothing but the provision for agreed charges I should vote for it, but I have very strong objections to the part which regulates water transport, and therefore I shall find it necessary to vote against the Bill as a whole. I listened to the evidence that was taken in our committee last year. Unfortunately, I was not able to hear all the evidence given at the present session, but I followed what was said in another place, and I have not been able to conclude that a case has been made out in favour of the control which this Bill would give over shipping on the St. Lawrence and the Great Lakes. The Bill provides for control not only of rates, but also of the number of ships and their routes. No argument has been adduced to convince me that such interference with the liberty of trade is at this time expedient or necessary.

Yesterday in committee the Minister, replying to a question asked by a senator as to the reason for including these sections covering transport by water, pointed to the large railway map on the wall and said: "Look at that map. We have too much transportation now." What does that mean? Does it mean that the Minister or the promoters of this Bill believe the railways will ever be able to compete with transportation by water? Surely not. It is an economic impossibility. Water transport is too cheap as compared with transport by rail for the railways ever to be enabled by restrictive legislation on ships to get the freight that it now carried by water.

Last year we were told that a chaotic condition existed on the lakes; that there were too many ships and they were not making money. That is not a chaotic condition from the point of view of public interest, though it may be regarded as chaotic by owners of ships. Similar situations occur in many businesses in times of depression and distress. Commerce in general is subject to these conditions, but that does not mean that public interest demands that changes be made by legislation. In so far as transportation is concerned, public interest in Canada demands that shippers and producers should have as low transportation rates as possible. That is essential in a country of such geographical magnitude as ours, where distances are so great The present situation on the lakes is such that producers are able to get cheap transportation, and that service is offered by any number of ships. I for one can see no reason in the world why at this stage we should endeavour by legislation to limit the number of ships and to control rates, or, in other words, to increase rates, on the St. Lawrence and the Great Lakes. I think it would be an economic crime to do that just now. There is no justification for such a move; the evidence is all against it.

An Hon. SENATOR: Hear, hear.

Hon. Mr. COTE: The promoter of a Bill of this character should be in a position to make out his case before Parliament. Here is a proposed interference with liberty of trade, a liberty which has existed on the St. Lawrence and the Great Lakes for three centuries. Surely a case must be made out before I am asked to support such interference; and, I repeat, a case has not been made out here. Therefore, although I have no objection to agreed charges, I shall have to vote against the Bill as a whole in order to voice my dissent from and opposition to the part containing provisions for regulating transport by water.

Hon. RAOUL DANDURAND: Honourable senators, I followed with interest the discussion on this Bill in committee. We have now to consider the Bill as reported. It seeks to extend the principle of regulation of rates by the Board of Railway Commissioners—which would be renamed the Board of Transport Commissioners—to shipping by water. The endeavour may prove futile, but we are striving to do the best that can be done in a very crucial situation. Our railways, as we know, are gradually losing ground. We who have an investment of billions in them feel they should not be shackled by regulations which prevent their meeting competition on the lakes and elsewhere. So we seek to regulate transport by water in such a way as to save lake shipping from chaos and our railways from untold injury.

Regulation of water transport would apply to package freight, and the idea would be to maintain a sufficient number of boats for that traffic. Hundreds of vessels carry nothing but bulk goods, such as grain, and to those the provisions of this measure would not extend. But there would be a safeguard against invasion by those vessels, through unfair rate cutting, of the package freight business handled at present by other ships and our railways. We are experimenting with a view to assisting our railway systems. Canada is not the only country which finds it necessary to see what can be done for its railways, for, as we all know, England too has been making an important railway experiment in recent years.

I may say that at first I was averse to exempting from regulation under this Bill all

ocean ships plying between the Pacific and the Atlantic coasts, because I thought our two railway systems should have the advantage of handling all heavy freight, particularly lumber, transported from British Columbia to the Eastern Provinces. Yet, on thinking over the arguments made in committee by the honourable senator from Vancouver (Hon. Mr. McRae), I wonder if there is not some justification for the stand taken by the committee; for if we discouraged the movement of such goods by water from British Columbia the railways would have no incentive to quote as favourable rates to the trade as they do at present. Since they have been able to compete with competition by water in the past, they will perhaps be able to continue doing so. We all know that water rates are much lower than railway rates, and yet because of the necessity for rapid transfer of goods from the West to the East the railways have carried somewhat more of that freight than have the water carriers.

On the whole I believe this legislation is worth trying as an experiment. My right honourable friend says it is very unpopular. Well, I think we are doing the fair thing by our large transport companies. We have passed so many pieces of so-called popular legislation which later failed, that I think we might well try the reverse policy in this instance.

Hon. JOHN T. HAIG: Honourable members, on the motion for second reading I opposed this Bill. I cannot see anything in it to convince me that it was introduced by a Liberal Government. It is charged against the Bill that it is the acme of Tory legislation—not Conservative, but Tory. It seems to me it is essentially Tory legislation.

Hon. Mr. DANDURAND: Will the honourable gentleman explain to us what distinction he has in mind between Toryism and Conservativism?

Hon. Mr. HAIG: Yes, my dear friend, I will, with a great deal of pleasure. A Tory is a man or woman who does not want to make any release of existing privileges. A Conservative is a conserver of the past, but a constructor of the future.

Hon. Mr. DANDURAND: I would draw my honourable friend's attention to the fact that that formula was carried into the official name of the Liberal-Conservative party. He seems now to depart from that title.

Hon. Mr. HAIG: As my honourable friend's party has raised the question of nationalism all over Canada, and as we are about to have a Conservative convention, I think we should call the party the National Conservative party, because, if anybody can do so, certainly the Conservative party can conserve Canada.

Right Hon. Mr. GRAHAM: You will be a Tory in a minute.

Hon. Mr. HAIG: Honourable members, I cannot understand how any Liberal Government could propose to control lake or ocean shipping. The history of transportation shows that the boat has from the earliest days been the free instrument of trade. But this Bill, as the honourable senator from Ottawa (Hon. Mr. Coté) said a few minutes ago, seeks to regulate or control shipping on the Great Lakes and the St. Lawrence. It cannot be in order to help the railways, for they simply cannot compete with water transport. It must simply mean that the 120 boats owned by one pool and the 45 owned by another pool, according to the approximate figures given to the committee, are to have conserved to them in perpetuity the carrying trade of the St. Lawrence and the Great Lakes, because, mark you, under this Bill urgency and necessity for greater service must be proved before another boat can be put into commission. I venture to suggest there is not a man or woman within sound of my voice who will be alive when another boat will be built on the St. Lawrence for that trade, if this Bill be enacted. That policy, to my mind, is a mistake.

We of the Western Provinces fear any regulation of water transportation. The West has urged the expenditure of money on the St. Lawrence waterways. For what purpose? Power? No. To make an agreement with the Americans? No; but in the hope that it will give us cheaper transportation of our principal product to the world markets. We of Western Canada have an awful time voting for either the Liberal or Conservative party, because both stand for protective tariffs. The Conservative party is always going to lower the tariff, and it does lower it frequently when in power. On the other hand, the Liberal party is always going to lower it when out of office, but it fails to take action when in power. As a result, the tariff is pretty much the same whether the Liberal party is in or out of office. We in the West raise a product which has to be put on the world markets at the cheapest possible freight rates. We are strongly in favour of freedom of transportation by water. True, the West has probably made more mistakes than any other part of Canada. We asked for a federal expenditure of from $52,000,000 to

$55,000,000 on the Hudson Bay Railway. The money might as well have been thrown into the Atlantic ocean.

Hon. Mr. CALDER: No.

Hon. Mr. HAIG: My honourable friend says "No." I am one of those who say "Yes." There is not enough grain going over the Hudson Bay Railway to pay for the axle grease used on the freight cars. That railway never has paid and never will pay. Anyone can convince himself that this is so if he will but view the matter with an open mind.

We in the West must get our wheat on the markets of the world at the lowest possible cost. If by legislation of this character Parliament limits the freight rates to be charged into and out of Western Canada, let me say quite candidly, such action will only feed the smoldering fire of that country's disapproval of protective tariffs. This Bill, especially in that part dealing with shipping rates, is a direct challenge to a lower cost of transportation into and out of Western Canada.

I am opposed to the Bill. In fact, if I could get an honourable member to second my motion, I would move at the third reading stage that the Bill be given the six months' hoist.

Hon. Mr. DANDURAND: The honourable gentleman had no seconder for that motion in committee.

Hon. Mr. HAIG: That was on agreed charges.

Hon. Mr. DANDURAND: That is so.

Hon. Mr. HAIG: But if on the motion for third reading I can find a seconder, I will move that the Bill be given the six months' hoist. I am lock, stock and barrel against the proposal to control shipping rates.

An Hon. SENATOR: Go ahead. I will second your motion.

Hon. Mr. HAIG: Thanks.

As to agreed charges, I admit that a very substantial argument was made in committee by the right honourable leader of the Opposition and by the solicitor for one of the railways, but I am not convinced. When I sit in a small town and see a truck go buzzing by, I feel as did a certain gentleman, a shareholder of the C.P.R., when he said to me, "There goes my dividend." I am persuaded that agreed charges will lead to such a struggle among water and truck and railway transportation interests as will result in serious detriment to the railroads of this country.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. HAIG: I can assure honourable members that the truck companies will not take a beating lying down. All producers, shippers and freighters, and all others concerned, so far as I can find out, are opposed to agreed charges. The other day in committee someone expressed the view that those opposed to agreed charges were putting on a campaign. Well, I should like to have them as organizers of the Conservative party if they could make an election campaign as convincing as their campaign against agreed charges. The only opinion in favour of agreed charges came from the railroads and the package freighters of the Canada Steamship Lines. Apart from that, there was no public opinion in favour of the principle.

My right honourable friend the leader of the Opposition says he would like to reason himself into a position against agreed charges, but after hearing the argument in committee he cannot do so. I admit that the argument presented to us sounded plausible. As Mr. Rand said, if the railroads can ship biscuits during the winter season from Montreal to Quebec at 45 cents a hundred pounds, but cannot get any of the business during the summer season because the boats charge only 15 cents, it is but reasonable that the railways should be allowed to make an intermediate rate of 30 cents for doing the business the year round. But the matter will not end there. Reference to the history of agreed charges in England shows that when the railways made a certain agreed rate the truckers cut under that rate. That is what will happen here, and then the war will be on. I am persuaded that ultimately agreed charges will hurt the railroads rather than help them. I am one of those who believe we should try to help the railroads. I submit that those of us who were members of the Special Railway Committee of this House could inevitably reach but one conclusion after listening to the arguments presented to us there, namely, that, apart from unemployment, the most serious problem confronting Canada to-day is what to do with our railways. But, as I have said, I do not believe the adoption of the principle of agreed charges will help our railways. On the contrary, in my opinion, it will only lead to more traffic disintegration, more trouble, more secret understandings than we can deal with.

I repeat, I am opposed to this legislation. I am not going to oppose adoption of the report, but when the Bill is down for third reading I shall move "that it be not now read a third time, but this day six months." This course, I am convinced, will be in the in-

terest of Canada, for, as the honourable senator from Ottawa (Hon. Mr. Cote) has said, it will be in the interests of the producer and the shipper. The railroads themselves are the only supporters of this legislation, and I say once more, I am persuaded that it will not help, but, on the contrary, will hurt them very seriously.

Some Hon. SENATORS: Question!

The motion was agreed to.

MOTION FOR THIRD READING

The Hon. the SPEAKER: When shall this Bill, as amended, be read a third time?

Hon. Mr. DANDURAND: With the leave of the House, I move third reading now.

Right Hon. Mr. MEIGHEN: I should prefer third reading to-morrow. I want to consider the suggestion which came from my right.

Hon. Mr. DANDURAND: Very well.

RADIO BILL

REPORT OF COMMITTEE

Right Hon. GEORGE P. GRAHAM presented the report of the Standing Committee on Railways, Telegraphs and Harbours on Bill 52, an Act respecting Radio in Canada, and moved concurrence therein.

He said: This Bill has been somewhat amended, but its principle has not been affected. Briefly, the purpose of the amendments is to protect the domestic users of radio and put them in a class by themselves. The sections affecting them have not been grouped together, as perhaps they might have been with advantage.

Right Hon. ARTHUR MEIGHEN: Honourable senators, this is a subject about which I know the minimum. I rise only to make this statement. The committee was not entirely satisfied with the general construction of the measure, and certainly our Parliamentary Counsel was not. The committee requested him to act with Commander Edwards, who really is the designer of the Bill, to re-construct it, and especially to divide it into parts, part one to deal with the major questions of radio policy, part two with radio offences, and part three with domestic users.

A reconstructed Bill was brought in. The Minister of the department, however, took exception to it, on the ground that at this late stage of the session he would not be able to convince the House of Commons of its merits. I have a better opinion of the other Chamber. I do not think it would take much capacity to persuade the House of Commons or any other body of men to recognize the superiority of the reconstructed Bill as a whole.

I have compared the original with the reconstructed Bill, and I think it is most regrettable the committee did not adopt the Bill as reconstructed by Mr. O'Connor and Commander Edwards. This measure, having international aspects, will be under review and constant study in many countries of the world, and it should be in a form that would be a credit to Canada. It is not in that form to-day. However, I did not protest as strongly as I felt like doing, and the committee yielded to the Minister's importunity by patching up the old Bill so that it would be more easy to put through the House of Commons.

Right Hon. Mr. GRAHAM: Honourable members, I may say to my right honourable friend that the view I hold is largely the same. What the Minister had in mind was not so much that he could not convince the other House as that he did not have sufficient time in which to do the convincing.

I said quietly to our Law Clerk, "As chairman, I would suggest that you keep a copy of the Bill which you and Commander Edwards have prepared, as we may want to use it next year to replace the present Bill if that does not work out well."

Hon. Mr. DANDURAND: I would emphasize the reason given by the Minister who was with us yesterday. Our Law Clerk, with Commander Edwards, altered nearly every clause of the Bill, and the Commons would have been confronted with virtually a new Bill. Unless that House were prepared to accept the Bill with its eyes closed, it would have to go through it in Committee of the Whole and examine every clause. There are optimists in the House of Commons who think we are moving rapidly towards prorogation—an opinion not exactly mine. That is why we have been confronted with this difficulty. We have been promised that the next bill touching radio shall be introduced in the Senate, so that it may take the ideal form resulting from the work of our Law Clerk and Commander Edwards.

Right Hon. Mr. MEIGHEN: This Bill should by all means have been introduced in the Senate.

Hon. Mr. DANDURAND: Probably it should have been.

The motion was agreed to.

THIRD READING

On motion of Hon. Mr. Dandurand, the Bill was read the third time, and passed.

SEEDS BILL

FIRST READING

A message was received from the House of Commons with Bill 158, an Act to amend the Seeds Act, 1937.

The Bill was read the first time.

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of the Bill.

He said: Honourable senators, this is but a consequential Bill based upon a reorganization which has taken place in the department. It is to change the names of some of the officials. If my right honourable friend will look at the Bill—

Right Hon. Mr. MEIGHEN: I have looked at it.

Hon. Mr. DANDURAND: The purpose of the Bill is to amend section 2 of the Seeds Act, 1937, to strike out the words "Seed Branch" and to substitute therefor the words "Plant Products Division," to conform with the reorganization of the Department of Agriculture. That is all there is in the two clauses of the Bill.

Right Hon. ARTHUR MEIGHEN: Honourable members, the Minister in the House of Commons gave the same explanation that has been given here. He said this Bill was to change the names of some of the officials. The Bill having been passed with that explanation, another Bill came up, an amendment to the Dairy Industry Act. The explanation in that case was the same, and the Bill passed the Commons. Well, I have read both Bills, and they do not change the name of anybody or of any office. What they do is to change the departmental organization and the name of the organization.

Hon. Mr. DANDURAND: The department has already been transformed, and now the titles are changed.

Right Hon. Mr. MEIGHEN: So the one-line explanation given of this Bill and the succeeding one, in the Commons, was in error, and neither of the Bills passed on the statement of the Minister does what the Minister said. However, the Bills are all right. There is no objection to them.

Right Hon. Mr. GRAHAM: It is just the explanation that is wrong.

Right Hon. Mr. MEIGHEN: Yes.

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

THIRD READING

On motion of Hon. Mr. Dandurand, the Bill was read the third time, and passed.

DAIRY INDUSTRY BILL

FIRST READING

A message was received from the House of Commons with Bill 159, an Act to amend the Dairy Industry Act.

The Bill was read the first time.

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of the Bill.

He said: Honourable senators, clause 24 of the present Act reads:

The Governor in Council may, by regulation, provide for an appeal to the Dominion Dairy and Cold Storage Commissioner, or his representative.

This is altered to read:

The Governor in Council may, by regulation, provide for an appeal to the Dairy Products Division, Marketing Service of the Department of Agriculture.

With this illuminating explanation, I move the second reading of the Bill.

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

THIRD READING

On motion of Hon. Mr. Dandurand, the Bill was read the third time, and passed.

BANK OF CANADA BILL

FIRST READING

A message was received from the House of Commons with Bill 160, an Act to amend the Bank of Canada Act.

The Bill was read the first time.

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of the Bill.

He said: Perhaps I should draw the attention of my honourable colleagues to the explanatory note that accompanies the Bill. It says:

The primary purpose of this Bill is to amend the Bank of Canada Act to provide for the redemption of the 100,000 Class "A" shares of the Bank in the hands of the public at the price of $59.20 per share and accrued dividends, and to reduce the capital of the Bank from $10,100,000, divided into 100,000 Class "A" shares of $50 each issued to the public, and 102,000 Class "B" shares of $50 each issued to the Minister of Finance, to $5,000,000 divided into 100,000 shares of $50 each to be issued to the Minister of Finance. The Minister of

Finance is authorized to surrender to the Bank the 102,000 Class "B" shares now held by him, of which 2,000 Class "B" shares shall be cancelled and 100,000 Class "B" shares shall be exchanged for 100,000 new shares of $50 each. The Minister is also authorized to pay to the Bank the additional amount necessary to pay the difference between the purchase price of the shares to be redeemed (excluding any amount paid by way of dividend) and their par value. The other changes are chiefly consequential ones.

The object of this Bill is to authorize the Government to acquire, by way of purchase, all of the outstanding privately-owned shares of the Bank of Canada and to convert the bank into a wholly Government-owned as well as Government-controlled institution.

The reason the Government advances for this step is that during the past year it has become quite evident that there is to be not merely political controversy with respect to monetary policy generally, which of course is permissible and desirable, but political controversy relating to the constitution of the Bank of Canada, which is the chief instrument through which this Government exercises its control over monetary policy in the country. The Government is of opinion, after watching developments during the past two years, that it is highly undesirable and very much against the national interest that there should be continued political controversy with respect to the constitution of the bank itself. It is for that reason that, in addition to maintaining the control which the Government now has through a substantial majority on the board of directors, the Government should acquire the whole of the ownership of the shares of the bank. This has been suggested on more than one occasion by members on all sides of the House, and the Government hopes that it will dispose once and for all of political discussion relating to the constitution of the bank itself.

There is, of course, no intention nor any hope that it will dispose of political discussion regarding the use which shall be made from time to time of this instrument of national control of monetary policy. I should say in this regard, however, that it is not the intention of the Government by the introduction of this measure to make the Bank of Canada merely a department of Government. If the central bank of a country is to serve the high purpose for which it is created, it must be manned by men who not only are expert in monetary, economic and financial matters, but also have a sufficient independence of judgment to be able at all times to talk on equal terms to the Government of the day with respect to the matters which come under the jurisdiction of the bank in the ordinary course of business. It is not the intention that by this resolution the Bank of Canada should become in any way a political arm of Government. That, indeed, would be fatal to the successful operation of the control of monetary policy and credit in this country.

The words I have uttered are those of the Minister of Finance. I may add that in 1936 my right honourable friend (Right Hon. Mr. Meighen) emphasized the fact that although the bank in its origin, under the Act of 1934, seemed to be privately controlled, it was as a matter of fact Government-controlled, and that the legislation passed in 1936, by which the Government took a majority of the shares in that institution, in no wise altered what, under the Act, was a Government-controlled institution. There may have been some difference in the direct control by the Government before the Government took a majority of the shares. However, as a matter of fact, since 1936 the bank to all intents and purposes, legally and practically, has been a Government-owned institution with a minority group of shareholders who subscribed the original $5,000,000.

These shareholders will now be reimbursed at a premium, and there will be no question that the bank is the Bank of Canada and is indisputably controlled by the State. There is very little change in the situation as to control by reason of this measure, but the clamour which we hear throughout the land, and which is more accentuated in certain parts of the country than in others, will cease. As the Minister of Finance says, this change will not put an end to all discussion, because there are people who believe that a Bank of Canada can be made to serve the public directly, notwithstanding the fact that it should have no other function than the one it has exercised since its inception.

Right Hon. ARTHUR MEIGHEN: Honourable senators, the first exception I take to this Bill is as to its title. It is called, "An Act to amend the Bank of Canada Act," but the appropriate title would be, "An Act to win the Saskatchewan Provincial Election."

Hon. Mr. DANDURAND: My right honourable friend does not forget that he has been in the House of Commons.

Right Hon. Mr. MEIGHEN: I do not forget that I have been in the House of Commons, certainly, nor do I forget that others are in that House to-day. The object of this Bill was to help win the Saskatchewan election, and it was nothing else. I cannot see any merit at all in the measure; in fact, I see danger in it.

Hon. Mr. DANDURAND: It does not change anything.

Right Hon. Mr. MEIGHEN: Yes, it does. Here is the difference between the state of affairs as now existing and as it will exist after this Bill is passed. So long as the Bank of Canada is privately owned, individual investors have an interest in it which they

seek to protect, and in this way they contribute to the sound business management of the institution.

Hon. Mr. DANDURAND: Have they been contributing? Could they contribute?

Right Hon. Mr. MEIGHEN: Yes, of course, because they had certain rights to protect, and in this way they contributed to the soundness of the institution itself. It is true that control over the bank has been wholly in Parliament. Under the original constitution, management of the bank was entirely in the hands of the directorate, which was controlled by the Government of the day and answerable to Parliament. With private ownership, the shares being held by individual investors, the position has been similar to that of the Bank of England. But election attacks were made. It was said that this was a privately-owned bank, and unthinking people would rush to the conclusion that its private owners could run it as they run other institutions which they own, though the fact was that they could do nothing of the kind. And certain election promises were made. So the Government of the day, under a leader who proclaimed that banks should be controlled, brought down a Bill for purchase of the majority stock of the Bank of Canada, the idea being to regulate the extent of monetary distribution in Canada for the purpose of bringing about distribution in terms of need. This is interpreted now, of course, as being in terms of public need, whereas the innocent elector took it to mean in terms of private need. Many were the votes which the Government secured from persons believing that those whose needs were the greater would have the greater supply. Purchase of the majority stock of the bank cost the taxpayers—not the electors, unfortunately—$5,100,000.

Hon. Mr. DANDURAND: Was it not a good investment?

Right Hon. Mr. MEIGHEN: As an investment it is no doubt good—perfectly sound. But I did not know that we had a surplus of cash and were looking for investments. How could I suppose it when I saw paralleling the bill to provide this $5,100,000 a bill which reached as far back as thirty months to tax companies for the purpose of getting the money?

Hon. Mr. DANDURAND: Not that money.

Right Hon. Mr. MEIGHEN: Well, was some of this new money debt-free? Up to now I have always thought that all money was alike. We got $5,100,000 by revising taxation on companies in respect of their operations for two and a half years back; that is how we got this money which we needed for investment.

However, that did not satisfy those who are always hungry to get something for nothing, and who can never be satisfied. We had arrived then at the day when there was to be distribution in terms of need. Of course agitation then arose, with the cry: "We don't own the whole of the bank yet. That is the reason we are not getting distribution in terms of need. Those private owners are gouging." Therefore a demand arose to get hold of all the stock, and the Government, seeing an election ahead in Saskatchewan, yielded to the demand. Hence we have this Bill.

After the Bill is passed we shall be in precisely the same position as we are in now. The Minister admits it will not make one iota of difference. He did not say, "We did this because of the Saskatchewan election," but everybody knows that is why it was done. Here is the way he puts it. I ask the House just to stand in admiration of the subtlety shown by the Minister as he expressed this weighty reason. He said it was not at all good that there should be public discussion about the constitution of the bank, though, he realized, there would always be public discussion of its policy. I will quote his exact words (House of Commons Debates, June 20, 1938, page 4385):

> The Government is of opinion, after watching developments during the past two years—

He should have said "the past two months," because that would cover the Saskatchewan election. So I will revise his speech in that respect to make it read:

> The Government is of opinion, after watching developments during the past two months—

And now I am reading his exact words.

> —that it is highly undesirable and very much against the national interest that there should be continued political controversy with respect to the constitution of the bank itself. . . .
>
> There is, of course, no intention nor any hope that it will dispose of political discussion regarding the use which shall be made from time to time of this instrument of national control of monetary policy.

That is, it is very harmful that people should be discussing whether or not the Bank of Canada is properly constituted; such discussion might eat into the very roots of Confederation; but for people to continue discussing whether they ought to get all the money they want out of the bank's till will do no harm whatever. I wonder what the Minister will do when another election comes along. What more can he do? Has the Government

sufficient resourcefulness to find some way of answering another demand arising from a Western provincial election, without dipping into the funds of the people? So far as I can see, the bottom has been reached.

Right Hon. Mr. GRAHAM: You are a pretty good judge.

Right Hon. Mr. MEIGHEN: I should be a good judge. I have stood by and witnessed this kind of performance year after year for many years. This whole thing is a farce. We do not gain the slightest thing by putting up this money. Intention to do so was announced just a little while before the Saskatchewan election, in the hope of helping to re-elect the Provincial Government. I do not doubt that the announcement contributed extensively to the result, and maybe that contribution did no harm to the eternal interests of our country. But where is this kind of thing going to end?

Hon. Mr. DANDURAND: My right honourable friend says that this Bill does not alter the present situation—that it does no harm. Well, we can deal with new conditions as they arise.

Right Hon. Mr. MEIGHEN: My honourable friend has misunderstood me. I do not think any particular harm was done to the remote interests of Canada by re-election of the Saskatchewan Government. I am not an apostle of the persistent, perennial and unending propaganda throughout Canada to the effect that by some legerdemain, some magical monetary performance, we are going to get people something for nothing. That propaganda got a considerable hold in the West, and the purpose of this Bill was to counteract it.

Hon. Mr. DANDURAND: But my right honourable friend was not much in favour of the extension of Social Credit?

Right Hon. Mr. MEIGHEN: No, not a bit, and so I do not think any harm was done by defeating Social Credit. It may have been well worth while to go through this circus performance—for that is what this Bill is—in order to defeat Social Credit. But there is this danger. When the country is the owner of all the bank's shares we shall be off the basis of private interest in affairs of the bank. So long as we remain on that basis the shareholders have ground for a just complaint if foolish things are done. Such has been the position of the Bank of England for centuries, and it is a worth-while position. The Minister says that nothing more disastrous could take place than that the Bank of Canada should become a mere arm of the Government. Well, it is all the time getting nearer and nearer to being an arm of the Government. Does the honourable leader think that the demand to make it an arm of the Government will be in the least silenced by this measure? It will be encouraged, for one demand that is successful is always followed by another. A number of demands will roll in upon the Administration. Indeed, some rolled in only last night, and I heard the echoes myself. What I fear is that they may continue until the Government, with this arm in its possession, will get into the hands of people who will use the arm to wreck our country. In my opinion the Administration is taking a wrong step. I do not deplore the immediate political effect, but I fear the ultimate consequences.

Hon. Mr. DANDURAND: The argument of my right honourable friend implies that the people may want the policy altered. If that happens, how far will the Senate be able to resist?

Right Hon. Mr. MEIGHEN: I do not want our conduct taken in future as a precedent for disastrous alteration. I should like to see the policy in such form that disastrous alteration would be most difficult to make; that it could not be brought about without more radical and more determined steps being taken than the public have any conception of. In short, I want the position to be kept so fortified, its ramparts so strong, that unthinking people, hungry to get something for nothing, will not be able to shatter the very financial structure of our country. But that is exactly the position we are abandoning.

Hon. A. K. HUGESSEN: Honourable senators, we have just listened to a speech from the right honourable leader on the other side (Right Hon. Mr. Meighen) full of unrelieved gloom and prophecies of desolation to come, in respect of this particular measure.

Right Hon. Mr. MEIGHEN: Not quite.

Hon. Mr. HUGESSEN: We had a similar speech from him yesterday with regard to the Housing Bill, and we have had two or three similar speeches on other projects of the Government in the course of the present session. I am afraid my right honourable friend is getting into the position of the Jeremiah of this House, if not, indeed, of the country.

Right Hon. Mr. MEIGHEN: The trouble is, I am a little late in coming on the scene; I should have been here long ago.

Hon. Mr. HUGESSEN: I remember reading in Boswell's Life of Johnson a description of a meeting between Dr. Johnson and a very old man who said that for many years he had tried to become a philosopher, but the trouble was that cheerfulness was always breaking in. Now I do wish that a little cheerfulness would occasionally break into the speeches of my right honourable friend.

He referred at some length to the Saskatchewan election. I am an innocent sort of person; I do not know very much about elections, and I do not intend to follow him in the observations he made with respect to that particular subject. But I do wish to advert for a moment to his comments on the inadvisability of extruding, or doing away with, by this Bill, the private interest which now exists in the Bank of Canada to the extent of somewhat less than 50 per cent. There does not seem to be any great logic in that argument when you reflect that no private shareholder of the bank as at present constituted is permitted by the statute to hold more than 50 shares. My right honourable friend knows as much about corporate finance and the actions of minority shareholders as I do. He knows very well that any minority holding less than 50 per cent of the shares of a concern, particularly when they are held in such small individual proportions as 50 shares or less,—

Hon. Mr. DANDURAND: Distributed all over the country.

Hon. Mr. HUGESSEN: —a minority distributed all over the country—has for practical purposes no control whatever over the policies of the institution.

Then my right honourable friend said that if the bank is altogether publicly owned there is a danger that the people may come to believe it is a bottomless source of supply for those who need money most. Now, I disagree with him, in this way. While the sources of credit and the monetary structure of the country were entirely in the hands of private banks, as they were until a few years ago, an agitation could have been started, by people having no knowledge of the matter, on the ground that the banks were using the credit of the country entirely for their own ends. When, however, you establish a publicly-owned central bank, surely you are bringing about gradually a process of public education as to the true meaning of currency and credit, because every step which the bank takes has to be reported annually to Parliament. I must say again that I do not agree with my right honourable friend when he stresses the danger from public ownership of the Bank of Canada. I think it is quite conceivable that having this Bank under our own control and in our own hands may result in a considerable extension of sound ideas about the relationship of currency and credit to the national policy.

The right honourable gentleman referred to the fact that the Bank of England is privately owned. That, of course, is so. But I think I am correct in saying that England is the only country in the whole world which has a national bank so privately owned. In every other country where there is a central bank fulfilling functions similar to those of the Bank of Canada, it is either entirely owned by the country or controlled as to its policy by the Government of that country. For instance, I need only refer honourable senators to the very recent alteration in the status of the Bank of France, brought about by the Blum Government the year before last, I think, as the result of which that bank is now controlled for all practical purposes by directors appointed by the French Government.

I agree with my right honourable friend in the view that this Bill does not make a great deal of difference to the position which has in fact existed since slightly over 50 per cent of the shares of the Bank of Canada were acquired by the Government two years ago. But for the life of me I am unable to agree with the attitude of unrelieved gloom with which he views this transaction, and I do venture to hope that after Parliament has prorogued and he is on holiday during the course of the summer months a little cheerfulness may break through the lowering clouds.

Right Hon. ARTHUR MEIGHEN: Honourable senators, this is not the first time in a rather long career that I have been accused of playing the part of Jeremiah. I do not know that I have essayed the rôle so much in this House as perhaps I did elsewhere years ago. I do not get any satisfaction from seeing prophecies of failure fulfilled; but at the same time I find no discomfort in having said things would not go well and being later vindicated by the event. I prefer that to being in the position of those cheery optimists who have seen all their optimism vanish in the results. I recall that two years ago I was referred to, not as a Jeremiah, but rather as being unduly pessimistic, when I ventured the suggestion that the hope of the Minister of Railways, of bringing joy out of gloom in the Canadian National by substituting his own trustees and his own Government control for the former trustees and parliamentary control, would be disappointed. I find now in the returns just vouchsafed to Parliament some confirmation of the soundness of my prognos-

tications as against those of honourable gentlemen opposite. I fancy it is better to face reality with a sober mien than to indulge in all the vainglorious hopes which the more unthinking are accustomed to indulge in, and for which in days gone by we paid and still are paying a heavy price.

As respects private ownership, I did not argue for a moment that the ownership of certain shares in the Bank of Canada would give the owners any control. Indeed, when, two years ago, the Government bought control with the taxpayers' money to the extent of more than $51,000,000—

Hon. Mr. DANDURAND: Or the taxpayers' credit.

Right Hon. Mr. MEIGHEN: Yes. The taxpayers' credit has been stretched beyond all other things on earth.

Hon. Mr. DANDURAND: But my right honourable friend would not say that borrowing money at 3¼ per cent and investing it at 4 per cent is an unsound transaction?

Right Hon. Mr. MEIGHEN: Certainly not—if we are in the investing business. But I prefer first to have our debts paid. The Government says it has gone ahead. Last year it went back $65,000,000; but it is improving matters by going back this year less than it went back the year before. While we are still in arrear I do not know why we should be seeking investments at 3¼ per cent. Let us pay obligations which to-day are bearing 6 per cent interest.

Hon. Mr. DANDURAND: We cannot help that, because we cannot redeem those debentures.

Right Hon. Mr. MEIGHEN: That is quite true. Let us get into a better financial position before we look for a perfectly useless investment, though safe. We get nothing at all out of it.

The point I make is this. While the shareholders had no control whatever when we started two years ago to patch matters up, they still had an interest, and the very interest they had led them to follow closely the course of the bank, and rendered it very difficult for depredations to be made upon the institution.

Hon. Mr. DANDURAND: I doubt that.

Right Hon. Mr. MEIGHEN: I think it is some protection.

Hon. Mr. DANDURAND: I know some shareholders in Montreal who simply collect their dividends. That is all they can do.

Right Hon. Mr. MEIGHEN: That may be; but others take a very keen interest in the bank. I know one shareholder myself, and you would think his holding in the bank was the only thing he had in the world. He follows its reports with the greatest care. But what is the value of putting out this money? Nothing at all. We are not in a liquid position to warrant it. We do not gain anything at all. The Minister of Finance in the Commons did not suggest that we could gain anything except this purely fantastic thing—he knew it was fantastic—that it was worth while to get rid of controversy about the constitution of the bank. You can never get rid of that controversy or of any other in this world. He knows that. But our ingenuous senator from Inkerman (Hon. Mr. Hugessen) comes along and says: "I can tell you something we are going to gain. It will result in a better education of the Canadian people in currency and credit. After this they will feel they own the whole thing and will start to study banking." Well, I congratulate my honourable friend on the elasticity of his imagination. I have never known a cheery optimist to be quite so buoyant as that. On that argument we ought by now to be all experts on railway matters. We have been owners of the Canadian National for a good while—

Hon. Mr. DANDURAND: We are learning.

Right Hon. Mr. MEIGHEN: —but I cannot see it resulting in very much benefit to the Canadian National Railways. I do not believe this higher education we are going to get by 100 per cent instead of 51 per cent ownership of the bank will show very well in the balance sheet of the Bank of Canada.

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

THIRD READING

On motion of Hon. Mr. Dandurand, the Bill was read the third time, and passed.

SPECIAL WAR REVENUE BILL

FIRST READING

A message was received from the House of Commons with Bill 163, an Act to amend the Special War Revenue Act.

The Bill was read the first time.

SECOND READING

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

Right Hon. Mr. MEIGHEN: I just make this suggestion to the leader of the House. In his review of the Bill let him dwell particularly on the clauses that do not raise taxes. If he does, he will make a very brief address.

Hon. Mr. DANDURAND: I hope to be here next session if Providence is somewhat kind to me, and I may then with great delight propose a Bill which will meet with my right honourable friend's approval on that score.

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

THIRD READING

Hon. Mr. DANDURAND: Shall we take third reading now, without referring the Bill to committee?

Right Hon. Mr. MEIGHEN: It is a tax measure, an ingenious method of extracting more money—I suppose, to pay for the shares of the Bank of Canada. But, as we cannot amend the Bill in any way, I do not see much advantage in prolonging the discussion at this stage of the session.

Hon. Mr. DANDURAND: With the leave of the Senate, I move third reading of the Bill.

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

At 1 o'clock the Senate took recess.

The Senate resumed at 3 p.m.

BRITISH NORTH AMERICA ACT

EXAMINATION OF RECORDS—NOTICE OF MOTION

Right Hon. ARTHUR MEIGHEN: Honourable members, if I can get the unanimous approval of the Senate I desire to make a motion bearing on some work which I hope to have accomplished on behalf of the Senate by the Parliamentary Counsel during the summer. If I cannot get unanimous approval I shall put it in the form of a notice of motion.

It is only too clear to us all that the time is coming when there will be considerable discussion in the Parliament of Canada of the present terms of the British North America Act, and possibly, though I should not think it likely, of the Statute of Westminster. The commission which is at present occupied in an examination of this problem and allied financial questions will doubtless be reporting during the summer. A peculiar responsibility rests upon the Senate of Canada in all matters affecting our Constitution. We are not solely the guardians of constitutional rights and rights of minorities, but we are in a special way the guardians of those rights. I thought it would be well, therefore, if the Parliamentary Counsel, with whom I have consulted, could devote his summer months, or such part of them as will be necessary, to a complete study of the subject. I do not know of anyone we could commission who would make a better job of it. Certainly from the standpoint of his law studies he has the advantage of a background of experience and learning which very few in Canada possess. What I have to suggest will involve very little or no expense, as through the summer the time of the Parliamentary Counsel is his own; and I am sure there will be no disposition here to demur at the payment of the amount mentioned in the following resolution:

That during the coming recess of Parliament the Parliamentary Counsel of the Senate be authorized and commissioned as follows:

1. To examine the records of the Quebec Conference and such other pre-Confederation records as disclose the scope of the intended legislative powers of that precise central or general union which was presented to and accepted by the three original provinces of Canada; and

2. To compare the text of Part VI of the British North America Act, 1867, headed "Distribution of Legislative Powers" with (a) such pre-Confederation records and (b) such pronouncements of the Judicial Committee of the Privy Council as define or disclose the legislative powers of the Parliament of Canada at the present time; and

3. To report to His Honour the Speaker for the information of the Senate

(a) Any material differences between the scheme of distribution of legislative powers between Dominion and provinces as apparently intended at the time of Confederation and the like legislative powers as expressed by the text of Part VI of the British North America Act, 1867; also any material differences between either such pre-Confederation scheme of distribution or such text and such pronouncements of such Judicial Committee as define or disclose as aforesaid with relation to Dominion legislative powers as of the present time; and

(b) In what respects, if at all, it would be necessary to cause the British North America Act to be amended so as to produce consonance (so far as distribution of legislative powers is concerned) with the apparent intent of the provinces which originally constituted this Dominion. Also, in what respects, if at all, it is necessary to cause that Act to be amended in order to render it (so far as distribution of legislative powers is concerned) competent to meet, and sufficient for, the present legislative requirements of the Dominion, so far as these have become apparent or are determinable; and

(c) Concerning any other matter or thing appearing to be relevant to the examination and report hereby authorized.

That out of any moneys available to the Senate there be placed at the disposal of the Parliamentary Counsel an accountable advance of five hundred dollars for defraying the costs and expenses of such examination and report and that he be authorized to incur, if necessary, in the premises, further expenses not exceeding five hundred dollars, or in all one thousand dollars, including a living allowance to himself of fifteen dollars per day while out of Ottawa on the business hereby provided for.

As far as expense is concerned, I may say it is intended to confine it to the $15 per day living allowance.

The information which it is proposed to secure is highly desirable for the Senate, and of course it will be available to others. It will put this House and the other in a more advantageous position when the time comes for important discussion.

I do not think more need be said. I have conferred in this matter with the honourable leader of the Government. But he will speak for himself. I hope he will second the motion.

Hon. RAOUL DANDURAND: I do not know what time will be at our disposal to examine into and discuss the opportuneness and importance of this work. On first thought it seems to me that the Senate will find it interesting to familiarize itself with all the preliminaries to the British North America Act, including the documents and submissions which came from the Maritime Provinces as well as those from Ontario and Quebec, or, as they were known before Confederation, Upper and Lower Canada. I should be agreeable to accepting what my honourable friend has read as a motion, but perhaps it would be better to have that placed on the Order Paper as a notice of motion for to-morrow, so that honourable members may know exactly what it covers.

Right Hon. Mr. MEIGHEN: All right.

Hon. Mr. DANDURAND: I may say that I am favourably inclined towards having the work done that is here proposed. The British North America Act is based upon the conferences of Charlottetown and Quebec. As I have already said, the submissions from the different provinces would be found interesting by us, especially since it is alleged, and the Senate of Canada has affirmed, that the Act was passed as a result of an agreement which was virtually a contract of the various provinces. Although no appendices were attached to the Act, it was the product of the negotiations which preceded it. Of course we know that after our negotiators got to London they had to accept some modifications to the agreement which had been made here. But from the very outset the provinces were agreeable to divesting themselves of certain powers and transferring these to a federal authority. The interpretation by the provinces of various sections of the Act would be quite interesting in any discussion that might follow.

As my right honourable friend and I are the only two who have discussed this proposal, it would perhaps be well to place it on the Order Paper as a notice of motion for to-morrow.

The proposal stands as a notice of motion.

FARMERS' CREDITORS ARRANGEMENT BILL

REPORT OF CONFERENCE

Right Hon. ARTHUR MEIGHEN: Honourable senators, as one of the Managers appointed by the Senate to meet with Managers appointed by the House of Commons in a Free Conference on the Farmers' Creditors Arrangement Bill, I desire to report as follows:

The Managers on the part of the Senate have the honour to report that they met in a Free Conference the Managers on the part of the House of Commons, for the purpose of further considering the Bill 25, intituled "An Act to amend the Farmers' Creditors Arrangement Act," and the amendments thereto.

The Managers on the part of the Senate report that they have come to an agreement with the Managers on behalf of the House of Commons.

I may as well explain what agreement was arrived at. The whole objection on the part of the House of Commons was to section 9, which we had added as the last section of the Bill. Section 8 empowered the Governor in Council to fix by proclamation a date after which no new proposal could be received in any province in respect of which the proclamation was issued. By section 9 we provided that no proposal could be received in any province other than Saskatchewan and Alberta later than the 31st of December, 1938. The amendment agreed upon by the Managers was that in respect of British Columbia and Manitoba no new proposals shall be receivable after the 30th of June, 1939. The rest of section 9 stands as it was, except for the addition of a proviso that this section shall not apply to soldier settlers.

Hon. Mr. LITTLE: I am not sure if I heard my right honourable friend correctly, but I thought in his opening remarks he said he was speaking as a Manager of the House of Commons. I hope there was nothing prophetic in that remark.

Right Hon. Mr. MEIGHEN: I was speaking not as a manager of anything, either in prospect or in being, but as one of the Managers on the part of the Senate.

BUSINESS OF THE SENATE

Hon. Mr. DANDURAND: Honourable senators, we have no new bills from the other House, though I know that one has passed there. It has been suggested that we might adjourn until 5.45 this afternoon, in order to see whether by that time anything will have come over which will make it worth while for us to meet this evening. In any event, we shall likely have committee meetings this evening. Is my right honourable friend agreeable to an adjournment until 5.45, or shall we call it 6 o'clock now?

Right Hon. Mr. MEIGHEN: Adjourn until 5.45. We may then find it is not necessary to meet this evening.

The Senate adjourned until 5.45 p.m.

The Senate resumed at 5.45 p.m.

CRIMINAL CODE BILL

FIRST READING

A message was received from the House of Commons with Bill 137, an Act to amend the Criminal Code.

The Bill was read the first time.

SECOND READING

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

He said: This is an omnibus measure of some fifty odd sections. To deal with it intelligibly we shall have to go through it clause by clause. I would suggest that we give the Bill second reading now and so afford honourable members an opportunity to peruse it between now and to-morrow morning, when we can either discuss the various clauses in Committee of the Whole or proceed with third reading.

Hon. Mr. ASELTINE: Has the Bill been distributed?

Hon. Mr. DANDURAND: I would suggest to my honourable friend that until the end of the session he should not put such an indiscreet question.

Right Hon. ARTHUR MEIGHEN: Honourable members, there is really no excuse for a Bill to amend the Criminal Code in fifty-one sections being sent to this House at such a late hour. I can understand bills arising out of recent exigencies having to be referred to us towards the end of the session, when there is little or no time for consideration, but it is really unpardonable to send here now a Bill of this kind, a public Bill in every sense, dealing in important particulars with the Criminal Code by way of certain amendments I have heard of in the corridors. What is the reason why this Bill could not have reached us sooner? There is no reason. There is, however, a disposition on the part, not perhaps of all members of the Government, but of certain dominating members, to regard the suitable and proper function of this House as being simply and solely to put our imprimatur upon Commons legislation just as rapidly as we can. The more rapidly we act, the more efficient we are. The less we examine the merits, the more thoroughly do we discharge our function. I know that is the attitude of certain members of the Administration. I am afraid it is the attitude of the leader of the Government in the other House.

Hon. Mr. DANDURAND: Not the leader of the Government in the other House. My right honourable friend was an honoured Prime Minister of this country—

Right Hon. Mr. MEIGHEN: In the Middle Ages.

Hon. Mr. DANDURAND: —and he knows there are many activities of various departments which a Prime Minister cannot control. He asks his colleagues in the last fifteen days of the session, "Have you any more bills to present?" My right honourable friend, I am confident, has put that question himself in Cabinet. "Will you please hasten your legislation so that the bills may come before the Cabinet?" Unfortunately, for reasons better known to my right honourable friend than to myself, since I have never been in the House of Commons, these departmental matters lag behind until late in the day.

But I am sure my right honourable friend will view with a little more sympathy the situation in which I am now. I was ready to ask the Senate to deal with this Bill to-night, but in view of my right honourable friend's engagements, I am willing to defer its consideration until to-morrow, when, in Committee of the Whole, I hope to present concise reasons for each clause.

I may add that to-morrow we shall very likely receive other bills, including the Election Bill, which I understand is about 200 pages in length. We shall have to give it our benediction, inasmuch as it was passed unanimously in the other House and interests more especially the members of that Chamber. If my right honourable friend will this evening inform himself he will find that for two months a committee of the House of Commons studied the Bill most imparti-

ally and members on both sides of that House believe they have never done better work. Our Law Clerk tells me he has no amendments to offer to the measure. If I am not mistaken, it was prepared by Colonel Biggar. It is a very good piece of draughtsmanship. I do not know when the Bill will come to us, but of course we shall take our time in considering it. We shall proceed to-morrow with the bills now before us, and the House of Commons must wait until we complete our work. They seem to forget during four months of the year that there is some legislation that should come to us, and in consequence we are pressed to adopt certain measures somewhat hastily. Like my right honourable friend (Right Hon. Mr. Meighen), I view with some alarm the important legislation that is now coming before us. I may mention two bills. One is the Bill before us, which, I am told, is of very little importance except that it imposes heavier penalties for reckless driving and certain other practices indulged in, to the great peril of human beings on the road. I thought I had before me a record which would show in a general way the more important clauses, but I do not find it here. I shall have it to-morrow. I shall simply ask that we give the Bill second reading now, and refer it to Committee of the Whole to-morrow.

Right Hon. Mr. MEIGHEN: I know, of course, that there are other bills to come to us, including the Elections Bill, which is of inordinate length. Of that I do not complain particularly, because, while there was a division of opinion in the other House as to one feature, the Bill in the main represents the judgment of that House and is its own particular concern. What I am complaining of is that we are now getting bills upon which we could have done some real work had we got them in good time. There has never been another session when so little legislation has reached us before the last awful jam. The reason is mainly this. All the legislation—though there has not been very much of consequence—has been initiated in the other House. There is no excuse for adopting such a course. Any number of these bills should have been initiated here. What was the common sense of dealing with the Radio Bill in the other House over a long period of time and throwing it at us at the end of the session? It was pre-eminently a bill for initiation in this House. What about the housing legislation? We could have done good work on that measure. Had we not found work for ourselves in the Special Railway Committee, we should have been idling our time. The fault is clearly that of the Government—a fault of which the late Government was not guilty. The late Government introduced much of its legislation in the Senate. Because the Transport Bill was defeated here two years ago, one Minister took a scunner at the Senate and would not introduce it here again. What nonsense it is! His bills all received the fairest consideration by this House, and all were passed but one, to which the country was opposed. This year we are passing his bill substantially as he introduced it, with some modification. There is no reason whatever for the attitude he has assumed, and none whatever for the attitude of the Government.

Here is a Bill, to amend the Criminal Code in fifty or sixty different aspects, thrown at us when we have hardly time to get our meals. And there will be more to-morrow. This method of procedure is not right, nor just to the country, and it is an affront to this House.

Hon. Mr. DANDURAND: Of course we have the remedy in our own hands.

Right Hon. Mr. MEIGHEN: No, we have not.

Hon. Mr. DANDURAND: Perhaps my right honourable friend is right, but we could, if we wanted to take our time in going through these bills, keep the House of Commons waiting. Perhaps if we decided to do that for one session, and kept them here for eight days, they would come to a realization that the Senate should be dealt with otherwise. I confess that when I asked one of my Cabinet colleagues in a jocular way if he would not give me a bill to introduce here, he said, "I am afraid I shall never see it again." Of course he too was speaking jocularly. Nevertheless, I think we shall succeed in coping with our work and performing our duty before the end of this session.

I move the second reading of the Bill.

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

ELECTRICITY AND FLUID EXPORTATION BILL

REPORT OF COMMITTEE

Hon. Mr. BLACK presented the report of the Committee on Banking and Commerce on Bill 21, an Act to amend the Electricity and Fluid Exportation Act, and moved concurrence therein.

He said: Honourable senators, the committee recommends that the Bill be not

further proceeded with at the present session, circumstances having changed since its introduction in this House.

Hon. Mr. DANDURAND: Perhaps it would be opportune to outline the different opinions expressed in the committee on the principle of this Bill, so that the House of Commons and the Government might have some knowledge of them. I would suggest that my right honourable friend give his point of view; or perhaps it would be sufficient if he were to refer to the remarks he made when the Bill was before us for second reading.

Right Hon. Mr. MEIGHEN: My remarks on that occasion were the reason for my remaining silent now. The reasons which have prevailed were included in my comment on the second reading. There was some difference of opinion in the committee, but inasmuch as there was no ground for that difference, I was not going to refer to it.

All agree that it does not matter a whit what our electricity export law is, because we cannot export any electricity now, nor can we do so for an indefinite time to come; certainly not for two years, if ever. Under these conditions it seems to me manifest that there is no need of going on now with a controversial measure; and it would be controversial. For reasons which have been stated before, I fail to see why we should put into the hands of Parliament the decision in a phase of governmental administration in which Parliament is about as clearly disqualified as any body the human mind could think of can be.

Hon. Mr. DANDURAND: Except as to general policy.

Right Hon. Mr. MEIGHEN: Except as to general policy, of course. However disqualified Parliament may be as to administration, it must lay down lines of general policy. These must be stated in the statutes, and the administration of those statutes must follow the regular course.

I have expressed no opinion at all as to the tribunal which should do the administering. It might be a department of government, it might be the Governor in Council, or it might be the Board of Railway Commissioners, any one of these necessarily having a technical organization to advise it. As to that I express no opinion, and I am satisfied with whatever the Government wishes in that regard. But I say it is impossible that Parliament can have such an organization and can deal wisely with the administration of power export. For these reasons the Bill would certainly be contentious. There are other reasons I could advance; but in view of the fact that it will not matter a whit for a long time to come what our electricity export policy is, I ask why, in the haste of the closing hours of the session, we should thresh out a purely futile measure.

Hon. Mr. DANDURAND: Of course, I have drawn the attention of my right honourable friend, and of the committee, to the fact that the House of Commons has three times voted unanimously in favour of the principle of the Bill. However, I do not intend to open up the discussion now. I simply desire to inform the House of Commons of the differences of opinion which have been expressed in this Chamber and in the committee. I leave the matter at that until next session.

The motion was agreed to.

NATIONAL HOUSING BILL

REPORT OF COMMITTEE

Hon. Mr. BLACK presented, and moved concurrence in, the report of the Committee on Banking and Commerce on Bill 145, an Act to assist in the construction of houses.

He said: There are some nine amendments, but they do not pertain to the intent or the principle of the Bill, being largely corrections of grammar and verbiage.

The motion was agreed to.

THIRD READING

On motion of Hon. Mr. Dandurand, the Bill was read the third time, and passed.

CANADIAN NATIONAL RAILWAYS FINANCING AND GUARANTEE BILL

FIRST READING

A message was received from the House of Commons with Bill 174, an Act to authorize the provision of moneys to meet certain expenditures made and indebtedness incurred by the Canadian National Railways System during the calendar year 1938, and to authorize the guarantee by His Majesty of certain securities to be issued by the Canadian National Railway Company.

The Bill was read the first time.

SECOND READING

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

He said: Honourable senators, this is the annual financing Bill of the Canadian National Railway Company. I will read some of the clauses and summarize others.

1. This Act may be cited as Canadian National Railways Financing and Guarantee Act, 1938.

2. Subject to the provisions of this Act and the approval of the Governor in Council, the Canadian National Railway Company (herein called "the National Company") may issue notes, obligations, bonds, debentures or other securities (herein called "securities") bearing such rates of interest and subject to such other terms and conditions as the Governor in Council may approve to provide the amounts necessary to meet in whole or in part expenditures made or indebtedness incurred during the calendar year 1938 by or on behalf of any companies or railways comprised in the National Railway System as defined in The Canadian National Railways Capital Revision Act 1937 on any or all of the following accounts, such expenditures or indebtedness being herein called "authorized expenditures"—

(a) Retirement of maturing capital obligations, miscellaneous maturing or matured notes and other obligations secured or unsecured and payment of sinking funds, not exceeding $9,019,233;

(b) Additions and betterments including coordinations and acquisition of real or personal property, not exceeding $8,555,000 estimated as follows:

General additions and betterments..	$12,321,392	
Less: Equipment retirements.. ..	7,921,392	
		$ 4,400,000
New equipment purchases..		3,455,000
Acquisition of securities..		700,000
		$ 8,555,000

Provided, however, that for such purposes the aggregate principal amount at any one time outstanding of the securities which the National Company is hereby authorized to issue from time to time shall not exceed the sum of $17,574,233, being the total of the items hereinbefore set out.

3. The Minister of Finance, with the approval of the Governor in Council, may make temporary loans to the National Company out of the Consolidated Revenue Fund for the purpose of meeting authorized expenditures, bearing such rates of interest and subject to such other terms and conditions as the Governor in Council may determine and secured by securities which the National Company is authorized to issue from time to time under the provisions of section two of this Act, upon applications, approved by the Minister of Transport, made from time to time by the National Company to the Minister of Finance, for such loans: Provided, however, that the aggregate principal amount at any one time outstanding of the loans which the Minister of Finance is hereby authorized to make from time to time to the National Company shall not exceed the sum of $17,574,233.

4. Should any such temporary loans be made within the limits aforesaid, substituted securities may subsequently be issued and guaranteed under the provisions of this Act to repay such loans or any part thereof.

5. The National Company may aid and assist, in any manner, any other or others of the said companies and railways and, without limiting the generality of the foregoing, may for its own requirements and also for the requirements of any other or others of the said companies and railways from time to time:

(a) Apply the proceeds of any issue of securities in meeting authorized expenditures on its own account or on account of any other or others of the said companies and railways;

(b) Make advances for the purpose of meeting authorized expenditures to any other or others of the said companies and railways, upon or without any security, at discretion.

The other sections provide for authorization of guarantee, forms and terms of guarantee, method of guarantee, temporary guarantee, payment of proceeds to the credit of the Minister of Finance in trust, and application for the release of any part of the proceeds.

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

ORDER FOR THIRD READING

The Hon. the SPEAKER: When shall this Bill be read a third time?

Hon. Mr. DANDURAND: I would move, with leave of the Senate, that the Bill be read a third time now.

Right Hon. Mr. MEIGHEN: I would suggest that third reading stand until to-morrow. I should like to look over the Bill.

Hon. Mr. DANDURAND: Then I withdraw my motion and move that the Bill be placed on the Order Paper for third reading at the next sitting of the House.

The motion was agreed to.

DOMINION ELECTIONS BILL

FIRST READING

A message was received from the House of Commons with Bill 91, an Act respecting the Franchise of Electors and the Election of Members of the House of Commons.

The Bill was read the first time.

SECOND READING

On motion of Hon. Mr. Dandurand, the Bill was read the second time.

ORDER FOR THIRD READING

Hon. Mr. DANDURAND: I would suggest that we show our confidence in the House of Commons by passing this Bill now. It specially concerns members of that House, who have agreed upon its principles. Perhaps it may be correct to say that it has been to them a labour of love, for they spent two months in committee dealing with it. Would my right honourable friend agree to third reading now?

Right Hon. Mr. MEIGHEN: I think it would be a mistake to take third reading to-day, for this reason. Frequently I have observed with respect to a bill in which we have no special concern that within a short time after we receive it someone discovers an error and wants it corrected. If we pass this measure now and an error is found by to-morrow, it will be too late to do anything about it then. It is just possible that there may be a request for a change in that clause under which polls in the Maritime Provinces would be required to close later than in the West, so that reports from the East could not go out before voting in the West was completed. In the other House there was a difference of opinion on the matter—not a party division at all—and it is not impossible that we may have a request for a change before to-morrow.

Hon. Mr. DANDURAND: I have no objection to the postponement. I heard that the Bill contains a section which prohibits publication of reports from the East before polls in the West have closed. The prohibition, as I understand it, is quite severe, applying not only to official reports but also to announcements in newspapers and all other publications. I have not read the section.

Right Hon. Mr. GRAHAM: Honourable members, I think the suggestion of the right honourable leader on the other side (Right Hon. Mr. Meighen) is right. The course he suggests is a safe one, which is something that cannot be said of all his suggestions. I had the misfortune to be leading this side of the House for a few months when my honourable friend to my left (Hon. Mr. Dandurand) was away regulating the League of Nations, I think. An election bill came over from the other House. I asked someone to look through it, principally with the idea of getting a few pointers, and my recollection is that it was found necessary to make sixteen or eighteen amendments to carry out what honourable members of that House desired.

Hon. Mr. DANDURAND: I move that the Bill be placed on the Order Paper for third reading at the next sitting of the House.

The motion was agreed to.

The Senate adjourned until to-morrow at 10.30 a.m.

THE SENATE

Thursday, June 30, 1938.

The Senate met at 10.30 a.m., the Speaker in the Chair.

Prayers and routine proceedings.

PRIVATE BILL

REFUND OF FEES

Hon. JOHN T. HAIG moved:

That the parliamentary fees paid upon the Bill B2, "An Act to incorporate The Workers Benevolent Society of Canada," be refunded to Messrs. Henderson, Herridge, Gowling and MacTavish, solicitors for the petitioners, less printing and translation costs.

The motion was agreed to.

BRITISH NORTH AMERICA ACT

EXAMINATION OF RECORDS

Right Hon. ARTHUR MEIGHEN moved:

That during the coming recess of Parliament the Parliamentary Counsel of the Senate be authorized and commissioned as follows:

1. To examine the records of the Quebec Conference and such other pre-Confederation records as disclose the scope of the intended legislative powers of that precise central or general union which was presented to and accepted by the three original provinces of Canada; and

2. To compare the text of Part VI of the British North America Act, 1867, headed "Distribution of Legislative Powers" with (a) such pre-Confederation records and (b) such pronouncements of the Judicial Committee of the Privy Council as define or disclose the legislative powers of the Parliament of Canada at the present time; and

3. To report to His Honour the Speaker for the information of the Senate

(a) Any material differences between the scheme of distribution of legislative powers between Dominion and provinces as apparently intended at the time of Confederation and the like legislative powers as expressed by the text of Part VI of the British North America Act, 1867; also any material differences between either such pre-Confederation scheme of distribution or such text and such pronouncements of such Judicial Committee as define or disclose as aforesaid with relation to Dominion legislative powers as of the present time; and

(b) In what respects, if at all, it would be necessary to cause the British North America Act to be amended so as to produce consonance (so far as distribution of legislative powers is concerned) with the apparent intent of the provinces which originally constituted this Dominion. Also, in what respects, if at all, it is necessary to cause that Act to be amended in order to render it (so far as distribution of legislative powers is concerned) competent to meet, and sufficient for, the present legislative requirements of the Dominion, so far as these have become apparent or are determinable; and

(c) Concerning any other matter or thing appearing to be relevant to the examination and report hereby authorized.

That out of any moneys available to the Senate there be placed at the disposal of the Parliamentary Counsel an accountable advance of five hundred dollars for defraying the costs and expenses of such examination and report and that he be authorized to incur, if necessary, in the premises, further expenses not exceeding five hundred dollars, or in all one thousand dollars, including a living allowance to himself of fifteen dollars per day while out of Ottawa on the business hereby provided for.

He said: Honourable members, I do not think I need add anything to what I said yesterday in respect of this.

The motion was agreed to.

INCOME WAR TAX BILL

FIRST READING

A message was received from the House of Commons with Bill 164, an Act to amend the Income War Tax Act.

The Bill was read the first time.

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of the Bill.

He said: Honourable senators, the purport of this Bill is explained by the title, "An Act to amend the Income War Tax Act." In some particulars the Bill provides for relaxation of taxes: it is not extensive, but it will be deemed important by the beneficiaries. In other particulars there is a strengthening of the authority of the Department of National Revenue to reach out and collect moneys on behalf of the State. I would draw the attention of honourable members to sections 8, 9 and 10, which read as follows:

8. The schedule of rates at the end of subsection one of section eighty-eight of the said Act, as enacted by section fourteen of chapter forty of the statutes of 1935, is repealed and the following substituted therefor:

"On gifts up to and including $25,000— 5%

On gifts exceeding—

$ 25,000	but not exceeding	$ 50,000—	6%
50,000	" "	100,000—	7%
100,000	" "	200,000—	8%
200,000	" "	300,000—	9%
300,000	" "	400,000—	10%
400,000	" "	500,000—	12%
500,000	" "	1,000,000—	14%
1,000,000			—15%"

9. Subsection eight of section eighty-eight of the said Act, as enacted by section fourteen of chapter forty of the statutes of 1935, and amended by section nineteen of chapter thirty-eight of the statutes of 1936, is further amended by adding thereto the following paragraph:

"(g) gifts or donations made in any year, if the aggregate value thereof does not exceed an amount equal to one-half of the difference between the income of the taxpayer in the next preceding year and the income tax which was payable thereon."

10. Any increase of tax imposed by this Act in respect of the years 1936 or 1937 or fiscal periods ending therein shall bear interest from the first day of September, 1938.

These are the most important sections of the Bill.

Right Hon. ARTHUR MEIGHEN: Honourable members, this is another measure which need not have been delayed until the end of the session. I presume it could have been introduced only in the other House, but there is no reason why that should not have been done much earlier. The reading of a few sections of an involved measure like this before honourable members have had a chance of looking at the measure itself is about as useful as would be the reading in similar circumstances of a few extracts from a thesis on the quinquasection of the biquadratic, or some other high mathematical problem.

Hon. Mr. DANDURAND: This being a money Bill, we could hardly amend it. I suppose we may very well accept whatever changes it provides for, and recognize that it is a measure for which the other House is essentially responsible.

Right Hon. Mr. MEIGHEN: Will the honourable Minister say where the increased taxes apply? We are all desirous that taxation in the higher brackets be as high as will secure the maximum revenue without providing incentive for taxpayers to leave our midst and contribute to the revenue of some other country. As I understand it, our rate of taxation in the higher brackets is above that which obtains in Great Britain.

Hon. Mr. DANDURAND: I am not quite sure. I saw a comparison the other day.

Right Hon. Mr. MEIGHEN: It is, in the higher brackets, federal and provincial being taken together. As long as this can be so without a penalty having to be paid in the curtailment of activity, or even in the removal of the taxpayer, there is no disposition to object. But I should like to know where the incidence of the higher taxes is.

Hon. Mr. DANDURAND: That would bear on what clause?

Hon. Mr. MURDOCK: Clauses 32A and 32B show the general purpose and intent of this Bill.

Right Hon. Mr. MEIGHEN: The first is perfectly right.

Hon. Mr. DANDURAND: If my right honourable friend has his answer, I may move second reading of the Bill.

Right Hon. Mr. MEIGHEN: I should like to read this 32B. Section 32A, or anything of such a nature as to prevent the avoidance of taxes, is certainly right. I should like to understand 32B before I assent to it.

Hon. Mr. DANDURAND: I have before me an explanation of all the clauses.

Hon. Mr. HAIG: Section 32B simply says that if the company is wound up and the assets are distributed, their fair market price may be determined and it may be assumed that they have been sold at that price and the proceeds distributed.

Right Hon. Mr. MEIGHEN: That explains it. That is to say, what is in reality a profit and is being distributed on the winding up of the company cannot be said not to be a profit merely because the inventories were not valued.

Hon. Mr. HAIG: Before the motion is put, may I say that we in the West have a good deal to do with the Income Tax Branch, and I want to compliment Mr. Elliott on the work he is doing. The lawyers in my city and province are well satisfied with the way in which he handles that work. I wish to pay that tribute to him.

Hon. Mr. MURDOCK: He is from Winnipeg?

Hon. Mr. HAIG: No; his wife comes from Winnipeg.

Right Hon. Mr. GRAHAM: That explains it.

Hon. Mr. CALDER: I have one suggestion to make. The War ended about twenty years ago. This Act still continues to be called an Act to amend the Income War Tax Act. I think when the next amending Bill comes before us we might take out the word "War."

Hon. Mr. DANDURAND: Yes; but the effect of the War still continues.

Right Hon. Mr. MEIGHEN: I feel like adding a word to what the junior senator from Winnipeg (Hon. Mr. Haig) has said about Mr. Elliott. I do not know any official so uniformly courteous and at the same time so clear-headed and competent.

Hon. Mr. HAIG: Hear, hear.

Right Hon. Mr. MEIGHEN: Perhaps I should not make my statement so exclusive, but certainly I know no one more courteous and efficient. How he gets time to see all those who call on him in connection with income tax matters I do not know. I have had a good many interviews with him, but I cannot recall any occasion when I got my way. He always persuaded me I was wrong.

Hon. Mr. DANDURAND: I think the opinion just expressed is the judgment of everyone who has had to do with the Income Tax Branch.

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

THIRD READING

On motion of Hon. Mr. Dandurand, the Bill was read the third time, and passed.

CANADIAN BATTLEFIELDS MEMORIAL COMMISSION

RESOLUTION

On the Orders of the Day:

Hon. RAOUL DANDURAND: Honourable senators, with the leave of the Senate, as I have not given notice, and with the cordial consent of the right honourable leader on the other side, I would move:

That this House desires to record its thanks to the members of the Canadian Battlefields Memorial Commission, who served without remuneration over a period of years, and whose endeavours ensured the erection in France and Belgium of appropriate memorials of the valour and sacrifice of Canada's forces in the Great War; and

That this House desires particularly to express its appreciation of the services of Mr. Walter S. Allward, who, as the designer and architect of the memorial at Vimy, has given to the world a work of art of outstanding beauty and character. Through years to come the Vimy memorial will remain the symbol of Canada's efforts in the War, and its tribute to those who, on the field of battle, sought to preserve the free institutions of mankind.

I should perhaps state in explanation of this motion that the origin of the Canadian Battlefields Memorial Commission dates from 1920, when the House of Commons appointed a committee to examine into the question of erecting memorials in France and Belgium to the men who fell in those regions during the Great War. That special committee of the House of Commons decided to erect eight memorials, as follows: in Belgium, at Passchendaele, St. Julien, and Hill 62 (Sanctuary Wood); and in France, at Vimy Ridge, Dury (breaking of the Quéant-Drocourt Switch of Hindenburg Line), Bourlon Wood (crossing of the Canal du Nord), Courcelette (in the Somme), and Le Quesnel (farthest point of 8-mile advance of Canadians on August 8, 1918). It was later decided to erect memorial plaques at Mons and St. Hilaire.

The Canadian Battlefields Memorial Commission was set up by Order in Council of September 2, 1920, and accepted the responsibility of carrying out the mandate of the House of Commons committee.

The original personnel of that Memorials Commission was composed of Major-General Hon. S. C. Mewburn; the late Hon. Rodolphe Lemieux; Lieut.-General Sir R. E. W. Turner, V.C., the late Hon. J. C. Turriff and the late Colonel R. W. Leonard. Of the five original members of the commission only three lived to see the culmination of their task in the unveiling of Vimy memorial, namely, Hon. Mr. Mewburn, General Turner and Hon. Mr. Lemieux, and since then Mr. Lemieux has passed away.

Under direction of the commission a national competition was held to secure suitable monument designs by Canadian artists. Two designs were selected: that of Mr. Walter S. Allward, of Toronto, for the Vimy memorial; and that of Mr. F. Chapman Clemesha, of Regina, for the St. Julien memorial, which was unveiled by His Royal Highness the Duke of Connaught in 1923.

The members of the commission have served over a period of fifteen years. They have performed a patriotic work of great value, for which they were given no remuneration. What they have done will outlive themselves and be a testimony to generations to come of Canada's ability to produce monuments comparable in artistic quality to those which other allied countries have erected in France on the sites of battlefields from the Atlantic to Verdun.

Special mention should be made of the invaluable assistance given to the commission by its officers. The Secretary was Colonel H. C. Osborne, our popular friend, of Ottawa. Brigadier-General H. T. Hughes was Chief Engineer; Major D. C. U. Simpson, Resident Engineer, and Mr. P. E. Nobbs, Architectural Adviser. Others who rendered notable services were Lieut.-Colonel M. N. Ross; Dr. Oscar Faber, O.B.E., D.Sc., M.I.C.E.; and Mr. Luigi Rigamonti, master carver. Messrs. Walter W. Jenkins and Company, Limited, Torquay, England, were the contractors.

I will not attempt to describe the Vimy monument, which was unveiled by his former Majesty, King Edward VIII, two years ago. But I may say that I visited the site when the monument was being erected, and I have seen the monument itself since it was unveiled. As I looked upon it I felt proud, as a Canadian, of the splendid piece of work done by our own artist, Mr. Allward.

As honourable members know, the Senate and House of Commons approved in 1923 the gift made by France to Canada of 250 acres of land in perpetuity, for the erection of the Vimy memorial. The resolution passed by our Parliament that year read as follows:

> That Parliament do approve the acceptance by the Government of Canada of the gift graciously made by the Republic of France of a tract of land 250 acres in extent on Vimy Ridge at the site selected for the erection by Canada, of a monument commemorating the exploits of Canadian soldiers in the Great War and in so doing records its sense of gratitude for and its high appreciation of the motives which prompted France to associate herself with a project so dear to the hearts of the Canadian people.

This land which was given to Canada, although in France, is virtually Canadian soil. Over it our own flag floats. When the memorial was unveiled King Edward, surrounded by his Canadian Cabinet, received the President of the Republic of France, who recognized that while on that site he was virtually in a part of Canada.

Hon. Mr. HAIG: Hear, hear.

Hon. Mr. DANDURAND: The site of the monument is an admirable one. It overlooks a valley which extends as far as the eye can reach. Within a few hundred feet of the monument are trenches which were manned by our Canadian soldiers, and, at a little further distance, some German trenches. Preserved by concrete walls and made accessible by concrete steps, which, in some cases, lead to depths of 100 feet or more, these trenches are a realistic reminder of the grim defence maintained by our soldiers throughout four years. For six or seven months out of the year the monument and its surroundings are an attraction for tourists from every part of Europe and, indeed, all over the world. It is recorded that during this period the spot is visited every Sunday by an average of 10,000 persons. This vast number of visitors cannot fail to be impressed by these memorials to our valiant Canadian soldiers, who during the whole time they were in France never retreated a foot from the enemy.

Right Hon. ARTHUR MEIGHEN: Honourable senators, we are all very glad to join in this gracefully expressed, sincere and, I may say, reverent tribute to the members of the Canadian Battlefields Memorials Commission. As the names of these members were read the thought came to me that each and all of them were bound to the battlefields of France by ties sadder, more poignant and more lasting than any of the monuments which now crown their devoted service to this Dominion.

I have not had the privilege of visiting France since the last year of the War. Though I have visited the site of the Vimy memorial, I have never seen the memorial itself. Those who have seen it are very earnest in their praise of the achievement of Mr. Allward. Possibly I could be permitted to quote particularly the architect of this splendid structure in which we now are meeting, Mr. John Pearson. No one, I fancy, has a more refined and at the same time more exalted conception of the glories of architecture than he. On his return from France he described the Vimy memorial to me in language so tender and so fraught with feeling that I shall never forget it. He told me that in his opinion that monument is one of the world's triumphs of architecture.

At this hour, when clouds are hovering over Europe and indeed over the world, we can only hope that the sacrifice of those to whose honour monuments have been raised will not be lost by the disturbance of that measure of peace which we still enjoy. And we do anxiously trust that if that measure of peace should unhappily and cruelly be broken there may be found defenders brave and strong enough to ensure that those memorials of our fallen soldiers may be saved from the sacrilege of destruction by the brutal forces of war.

The motion was agreed to.

TRANSPORT BILL

THIRD READING

Hon. Mr. DANDURAND moved the third reading of Bill 31, an Act to establish a Board of Transport Commissioners for Canada, with authority in respect of transport by railways, ships and aircraft.

Hon. JOHN T. HAIG: Honourable senators, I will try to avoid repeating what I said yesterday. I propose to move an amendment, that this Bill be not now read a third time, but this day six months.

The measure may be divided into five parts: 1, definitions; 2, transport by water; 3, transport by air; 4, tolls; and, 5, agreed charges. The meat of the proposed legislation is contained in the second and the fifth parts.

I am opposed to the control over ships which this Bill would give the Transport Board. The honourable senator from Ottawa East (Hon. Mr. Coté) covered very clearly the point that I want to make in respect of this, and I adopt his language.

I dealt with the matter of agreed charges the other day. One of my honourable colleagues stated in committee that he was aware of no demand for agreed charges. I will not at this stage attempt to convince anyone whether it is or is not desirable to give our railways the right to make such charges. This illustration was given by the advocate of agreed charges. He said a biscuit manufacturer in Montreal ships biscuits to Quebec in the summer time at a rate of 15 cents a hundred pounds, and in the winter at 45 cents. The railways cannot give him an all-the-year-round rate, because if they do they must quote the same rate to all. To accomplish their purpose they must have agreed charges. The argument, as it stands, is unanswerable. The only weakness about it is that it will not stand, for the simple reason that neither the water carriers nor the truckers will accept the situation without a fight.

Hon. Mr. BALLANTYNE: May I interrupt the honourable member for a moment? If I understood Mr. Rand correctly, he said that if the principle of agreed charges were accepted by Parliament the railways could give a rate of 25 cents in the summer and 35 cents in the winter, which would assure their getting all the biscuit company's shipments.

Hon. Mr. HAIG: Correct; that is exactly what I said. But under the present law, if the railways give that shipper a rate of 35 cents in the winter instead of 45 they have to give that lower rate to every shipper. On that statement of fact I may be asked: "Are you not in favour of agreed charges?" But make no mistake, honourable members. The truckers and the water carriers are not going to take it lying down. We found that out in Manitoba when the provincial authorities started to regulate trucks. All trucks then on the road were granted a licence, and anyone desiring to put new trucks into service had to show public necessity and convenience. The life of a truck is about four or five years. During that time you are going to have a battle between the railroads and the trucks, and the railroads will lose out.

Hon. Mr. CALDER: The public will win out.

Hon. Mr. HAIG: The public will win out; but this legislation is designed to help the railroads. Before our committee only the railways and the owners of a small minority of ships, 45 out of 165, asked for this legislation. Let us get that clear. Besides the truckers and the water carriers, all the primary producers, all the manufacturers and all the

merchants in the country are against this legislation. Western Canada, Eastern Canada —every part of Canada is against this legislation. Yet we are asked to pass it, because, it is said, the investigation by the Special Railway Committee of this House has demonstrated clearly that something must be done for the railways if they are to survive.

Behind this struggle is a struggle between Dominion and provincial rights. At the present time the truckers who haul 98 per cent of the l.c.l. traffic are controlled by the provinces. We, as members of the Parliament of Canada, feel that we should support the railroad side of the argument. If for one moment I thought the railroads would benefit by this legislation, and the primary producers of this country would not suffer, I should vote for it; but I am doubly persuaded that not only the primary producer, but also the manufacturer and every user of goods handled by the railroads, either into or out of Western Canada, will suffer by this legislation. Further, I am persuaded the railroads themselves will suffer a serious menace and challenge for the next four or five years if this Bill is enacted. I do not believe this is the way to solve the railroad problem.

I am not going to discuss the Old Country and its transport legislation, but I am convinced that any attempt to regulate boats is against the spirit of water transport the world over. Fundamentally we are absolutely wrong when we seek to license and control boats and boat rates. No evidence was given before our committee in support of such regulation. True, the Minister of Transport demanded that we pass the Bill. When we made some minor amendments he protested that we were destroying the Bill. I do not think so. Our duty is to pass legislation that is in the interest of all the people of Canada. An important function of the Senate is to see that sufficient consideration is given to bills sent here from the other House, in order that no hasty or ill-considered legislation may be enacted. We should take the long view. I say, therefore, that in respect of ship regulation we should reject the Bill.

I say also that in respect of agreed charges we should reject the Bill, although I am persuaded that politically, from my point of view, it would be a fine thing to pass it, because, if enacted, it will raise the very mischief all over this country, to the detriment of the present Government. I think the Administration will be deluged with protests from one end of Canada to the other—from gasoline station owners, from gasoline users, from farmers, manufacturers and distributors using their own trucks. All will attack this legislation.

Hon. Mr. DANDURAND: This Bill does not affect farmers and others who use their own trucks.

Hon. Mr. HAIG: Oh, yes, it does. Once you start to control transportation you start to limit it, and in another two or three years there will be a request for a further limitation.

Hon. Mr. DANDURAND: The Bill does not even affect any truck user.

Hon. Mr. HAIG: Oh, yes; agreed charges touch him. True, we cannot touch trucks, because we have not legislative power; but we have power—at least we think we have—to make agreed charges. If it does not give business to the railways, this proposal for agreed charges is no good. If it does give business to the railroads, they will have to get higher rates than they are getting for the traffic now, or it will be no good to them. At the present time they cannot compete with water and highway carriers. I say that if the legislation is to be of any use to the railroads they must get more revenue from it, and if they do, shippers will have to pay the difference. That applies to the whole of Canada; but Western Canada is particularly affected, for we have to sell our wheat in the world markets, and at the present time every quarter, yes, every eighth of a cent makes all the difference between a sale and no sale. Our Governments in the past, by the Crowsnest Pass and other agreements, have tried to prevent interference with the grain rates out of Western Canada to the seaboard. It may be said that, as our grain is shipped out in bulk, it will not be affected; but I would remind honourable members that shipments to Ontario or Quebec would be covered by agreed charges. I am afraid of any legislation to limit or restrict the free use of the transportation facilities of this country, and, speaking for opinion in Manitoba and the West generally, I say we are opposed to this Bill lock, stock and barrel. I submit it is not in the interests of the producers and distributors of this country, and, further, that instead of being an advantage it would be a detriment to our railways.

I therefore move in amendment to the motion for third reading, seconded by the honourable member from Bedford-Halifax (Hon. Mr. Quinn):

That the word "now" be left out and the words "this day six months" added at the end of the motion.

Hon. JAMES CALDER: May I ask a question before the motion is put? As I understand the honourable senator's statement, it means that if agreed charges are

put into effect they will not result in increased rates anywhere in Canada. Now, agreed rates are provided for what purpose? As I see it, for the purpose of creating a condition whereby our railway companies shall not be in competition with transportation facilities not regulated. The truck is not regulated or under control as to rates; the railway is regulated and under control. The honourable gentleman has intimated that if agreed charges go into effect there will be a fight on, for, as he himself said, the steamboats and the trucks "will not take it lying down." What does that mean? It means rate cutting, not rate increasing. He intimates that the truck and the boat will be prepared to fight any schedule of rates the railway companies put into effect under the provision for agreed charges. To sum up, agreed rates would not, so far as I can see, mean increased rates to anybody in Canada. Their adoption would mean a decrease of rates, and that would be in the public interest.

Hon. Mr. HAIG: I will answer my honourable friend. If he is correct, then the railroads will lose money.

Hon. Mr. CALDER: No, not necessarily.

Hon. Mr. HAIG: Therefore they will become bankrupt; and consequently we shall have to carry the load.

Hon. Mr. CALDER: No; the railways will not get what they expect to get.

Hon. Mr. HAIG: Let us take the case of a boat running out of Montreal to Quebec. It is charging a rate of 15 cents a hundred pounds on biscuits. Thereupon the railroad puts in a reduced rate and gets the traffic. If I were running that boat what would I do? Naturally I would cut the rate to 10 cents, or even lower, so long as it was sufficient to cover fuel and wages.

Hon. Mr. CALDER: That is in the interest of the public.

Hon. Mr. COPP: The manufacturer would win out in that case.

Hon. Mr. HAIG: One minute, please. The life of a boat is about five years, I think. I am not an authority on the subject. But suppose we take it as being ten years.

Hon. Mr. BLACK: Twenty-five years.

Hon. Mr. HAIG: Well, twenty-five years. As a matter of fact, that cannot be the life of the boat, for you have to take repairs into consideration. As soon as that boat is driven off the route, the railroad will put the rate up again.

Hon. Mr. MARSHALL: What about the Railway Commission?

Hon. Mr. HAIG: The Railway Commission cannot control rates going up.

Hon. Mr. MARSHALL: Yes, it can.

Hon. Mr. HAIG: The railway companies will say they cannot handle the traffic at a profit.

Hon. Mr. MARSHALL: The railways were not allowed to raise rates in the days of Jim Mabee.

Hon. Mr. HAIG: But he is dead and gone.

Hon. Mr. MARSHALL: He did a good job while he was here.

Hon. Mr. HAIG: I agree with you. That is what the people in Great Britain are dreading now. Reports from England emphasize that buyers of supplies, producers and shippers are afraid that once highway competition is driven off, railroad rates will go up.

Hon. Mr. CALDER: Then the trucks will come back again.

Hon. Mr. HAIG. No.

Hon. Mr. CALDER: Why not?

Hon. Mr. HAIG: Once the motor carrier or the highway carrier is driven off, it is very hard to get him back again. In the meantime the people of Canada will suffer. This legislation is for the benefit of the railroads, or to save the railroads, that is all; but if my honourable friend (Hon. Mr. Calder) is correct, it cannot save them. For five or ten years there will be a rate war, and the railways will lose business. Meantime there is an uncertainty that is disastrous to business. That is my answer to my honourable friend.

Some Hon. SENATORS: Question!

Hon. HENRY A. MULLINS: Honourable senators, I have listened with some attention to the remarks of the honourable the junior senator from Winnipeg (Hon. Mr. Haig), and I do not agree with him. I have lived in Western Canada just as long as he has. I know the menace of the truck on the highway, and I am not in favour of the truck. I am in favour of this Bill as amended. I ask my honourable friend to go to Toronto or Winnipeg and look at the trucks hauling the products of the farms into the stockyards of those cities. They have ruined the live stock industry and are a menace to the country.

Now let me say for the benefit of my honourable friend that we saluted the railway when it came into Winnipeg, and we had a 20 per cent lower rate then than we have

to-day. The railways will not tear up their branch lines and leave us stranded in various parts of Manitoba and at the mercy of the truck.

I disagree with the statements of the honourable member in regard to the Hudson Bay Railway, and I want to put myself on record. We fought for that railway in an effort to get a lower freight rate, but that railway, and the port at Churchill, have never received the attention that should have been given to them. Many people have made statements damning the Hudson Bay Railway, as my honourable friend did yesterday, but the old farmers and the settlers of the West fought for that railway and want to see it get some consideration. I see smiles on the faces of honourable members from various parts of the East. I know they are not in favour of the Hudson Bay route, but we have faith in it as a means of giving us cheaper freight rates, and we shall have boats running out of Hudson Bay before I pass out of the picture.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. MULLINS: I shall vote for the Bill, as amended, because I believe it is in the interest of Western Canada and in the interest of agriculture.

Some Hon. SENATORS: Question!

Hon. Mr. DANDURAND: I should like simply to state that the whole argument of the honourable the junior member from Winnipeg (Hon. Mr. Haig) is predicated on the assumption of a railway policy under which the railways would lose money. I give the railways credit for common sense. They will see to it that these agreed charges are utilized in such a way as not to injure their revenue.

Some Hon. SENATORS: Question!

Hon. A. D. McRAE: Honourable senators, I find myself in a position that I do not exactly relish, namely, that of having to explain my vote against the amendment proposed by the honourable the junior member from Winnipeg (Hon. Mr. Haig). If my vote were to be given strictly on the question of principle, it might be in favour of the amendment; so I should like to explain why, if the opportunity offers, I shall vote for the Bill.

Two of the points at issue in this Bill have been referred to at length by the honourable the junior member from Winnipeg. The first is the control of lake shipping. I never could see just why the position of private corporations and individuals engaged in lake shipping, and who found business unprofitable, was a matter of serious concern to the Government. They provide cheap transportation. It must be obvious that if we control shipping on the lakes it is with a view to bringing about higher rates. I should have thought it well to leave that subject alone until such time as rates became too high for public welfare. In undertaking the control of lake shipping we are taking a long step towards State control. I agree that State control is becoming more prevalent all over the world, but I think we might well hesitate about moving in that direction before we are forced to do so.

What I regret about the Bill is that it interferes with the freedom of shipping on the lakes. It is claimed that there is a surplus of tonnage available. That is true, but let us stop to consider what is going to happen when this surplus tonnage becomes obsolete and passes out of service. Until Providence sinks them there is a surplus of boats, even though they are tied up to the wharves. What I fear is that under this legislation individuals will not build new boats and go into the shipping business until the present boats become obsolete, and competition, which brings about high efficiency and economic transportation, will disappear. That, I submit, is a very serious matter, and may spell the end of efficiency in our lake shipping.

Now, if I may digress for a moment, I would refer to the exception made regarding our domestic inter-ocean business. I can say for myself, and I think also for the honourable senator from Kootenay (Hon. Mr. Green), that if, in the committee the other evening, we had been in possession of the information we have since received, we could have made a very much better case.

Hon. Mr. DANDURAND: You carried your point.

Hon. Mr. McRAE: Our statements were entirely too conservative.

I was impressed, as I think were many others, by the prevalence of special rates at the present time. We have, for instance, a winter rate and a summer rate on lumber from the Pacific coast. At times it is substantially more than the amount mentioned in the committee. It will be impossible, I fear, to make an agreed rate for one manufacturer without making it for another; so I think the agreed charges will not be applicable to that business, and the special rates will be continued, and extend to every shipper. I am afraid the agreed charges will not bring the railways much additional money, and that, for the various reasons which were discussed in the committee, they will result in chaotic conditions.

However, this measure was discussed at length last year, the people of the country and the Government have had a year to think it over, and the House of Commons this year has passed it by a big majority; so I propose to vote for it, and I shall hope for the best.

Some Hon. SENATORS: Question!

The amendment of Hon. Mr. Haig was negatived on the following division:

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Hon. Mr. MARSHALL: I was paired with the honourable senator from Red Deer (Hon. Mr. Michener). Had I voted, I should have voted against the amendment. I think that in this case I might have been safe in voting with the right honourable leader opposite.

Hon. Mr. ROBINSON: I was paired with the honourable gentleman from Royal (Hon. Mr. Jones). Had I voted, I should have voted against the amendment; and I think my honourable friend from Royal would have done the same.

Hon. Mr. BUCHANAN: I was paired with the honourable sentor from Victoria (Hon. Mr. Barnard). Had I voted, I should have voted against the amendment.

Hon. Mr. SINCLAIR: I was paired with the honourable senator from New Glasgow (Hon. Mr. Cantley). Had I voted, I should have voted against the amendment.

Hon. Mr. HORSEY: I was paired with the honourable senator from Regina (Hon. Mr. Laird). Had I voted, I should have voted against the amendment.

Hon. Mr. GREEN: I was paired with the honourable senator from Kootenay East (Hon. Mr. King).

The motion of Hon. Mr. Dandurand was agreed to, and the Bill was read the third time, and passed.

CANADIAN NATIONAL RAILWAYS FINANCING AND GUARANTEE BILL

THIRD READING

Hon. RAOUL DANDURAND moved the third reading of Bill 174, an Act to authorize the provision of moneys to meet certain expenditures made and indebtedness incurred by the Canadian National Railways System during the calendar year 1938, and to authorize the guarantee by His Majesty of certain securities to be issued by the Canadian National Railway Company.

Right Hon. ARTHUR MEIGHEN: Honourable senators, I have had an opportunity of studying this Bill. It authorizes the guarantee of bonds not exceeding the sum of $17,574,233 for the Canadian National Railways during the calendar year 1938. This, of course, will be only a beginning of the bonds required by the system before the year is out. Why this limit is fixed does not appear from the discussion in the House of Commons, nor from any information that I have. It does appear, though, that the $17,574,233 comprises $8,555,000 for new capital investments in the form of additions and betterments, the rest being for capital retirements and acquisition of securities. This acquisition, of course, simply means the taking over by the Canadian National Railways of new money requirements in the form of new issues of securities by subsidiaries. Honourable members who were on the Special Railway Committee will recall that evidence was given by Mr. Fairweather and others to the effect that there had been extensive betterments and repairs to equipment this spring, which fact was said to account for the very sad showing made by the system in the early part of this year. It looks as though capital requirements keep growing ad infinitum, despite a very decided falling off in traffic. Really, I cannot see how so much more is needed in the way of betterments when traffic is so seriously lower than it was even last year and each of the two years before that. It is difficult, indeed, to forecast the future in the face of this policy of continual expenditure.

Hon. Mr. DANDURAND: I would draw the attention of my right honourable friend to the fact that the shareholders of this institution are the people of Canada, whose elected representatives are in the other House, and that House has a committee specially

appointed to inquire into the accounts and requirements of the Canadian National Railways. That is why I believe there is justification for this Bill.

As to expenditures for additions and betterments, referred to by my right honourable friend, I may say that necessity for these may gradually appear—and, indeed, rapidly appear—if the West produces the crop of 400 or 500 million bushels for which we are hoping. The railways have to prepare themselves for the increase in traffic which will result if our hope is realized.

Right Hon. Mr. MEIGHEN: I will not prophesy as to this year's crop, in the absence of the honourable junior senator from Winnipeg (Hon. Mr. Haig).

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

DOMINION ELECTIONS BILL

THIRD READING

Hon. RAOUL DANDURAND moved the third reading of Bill 91, an Act respecting the Franchise of Electors and the Election of Members of the House of Commons.

Right Hon. Mr. MEIGHEN: The honourable leader of the House (Hon. Mr. Dandurand) stated yesterday that the Bill was well prepared, having been drafted, he thought, by Mr. Biggar. If it had been drafted by Mr. Biggar it would have been well prepared, but it was not. My information is that the Bill was drafted by Mr. Butcher, a former member of the other House, and Mr. Castonguay. It is based mainly on the Act of 1920. I will not mention who prepared that legislation, for fear the Government might withdraw the Bill.

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

CRIMINAL CODE BILL

CONSIDERED IN COMMITTEE

On motion of Hon. Mr. Dandurand, the Senate went into Committee on Bill 137, an Act to amend the Criminal Code.

Hon. Mr. Aseltine in the Chair.

Hon. Mr. DANDURAND: Perhaps I should have mentioned yesterday that the explanation given by the Minister of Justice for this Bill, which contains fifty-six sections, was a very short one. He simply said:

> I shall not try to give the particulars of all the amendments, but the most important relate to reckless driving, salting mines and mine samples, common gaming houses, et cetera.

That brief comment indicates what the Minister of Justice considered to be the principal amendments to the Code.

I would ask permission to have Mr. Anderson, of the Department of Justice, sit by my side.

Section 1 was agreed to.

The CHAIRMAN: Shall we consider sections 2 to 9 together? They all appear to deal with the subject of fire-arms. I will read the marginal headings.

Right Hon. Mr. MEIGHEN: I should like to know what changes in the law are proposed. We have been legislating against possession of fire-arms by aliens almost every other year for as long back as I can remember. I do not know why we never seem to get the law into a satisfactory form.

On section 2—alien not to have fire-arms without permit:

Hon. Mr. DANDURAND: This is for the purpose of putting the onus of proof upon the alien to establish that he is not an alien.

Right Hon. Mr. MEIGHEN: That is all right.

Section 2 was agreed to.

On section 3—selling or lending:

Hon. Mr. BEAUBIEN: I suppose that applies only to vendors in business, and not to individuals who sell their personal weapons.

Hon. Mr. DANDURAND: The object of this amendment is to provide that a person must have a permit to purchase, before buying a pistol or revolver or other offensive weapon. The present paragraph reads as follows:

> (d) sells, or without lawful excuse, gives or lends any pistol, revolver or other offensive weapon that may be concealed upon the person to any one not being the holder of a permit.

Right Hon. Mr. MEIGHEN: I do not see the distinction.

Hon. Mr. BLACK: In other words, if a parent lends a shotgun to his son he will violate the law.

Right Hon. Mr. MEIGHEN: He will violate the law as it is now.

Hon. Mr. DANDURAND: The amendment covers purchasing.

Right Hon. Mr. MEIGHEN: I presume the trouble was that the party getting the weapon by purchase might have only a borrower's permit.

Hon. Mr. DANDURAND: Yes, he had no purchaser's permit.

Section 3 was agreed to.

Sections 4 and 5 were agreed to.

On section 6—registration of revolvers and pistols:

Hon. Mr. BLACK: Most returned men have automatic guns. Would this amendment require their getting a permit?

Hon. Mr. DANDURAND: They must register their weapons.

Hon. Mr. BLACK: I thought you might have exempted them.

Hon. Mr. DANDURAND: It might be a little dangerous in some cases.

Section 6 was agreed to.

Sections 8, 9 and 10 were agreed to.

On section 11—restriction on publication of reports of judicial proceedings:

Hon. Mr. DANDURAND: This is similar to the British provision to protect public morals.

Right Hon. Mr. MEIGHEN: It is a padlock law.

Hon. Mr. DANDURAND: My right honourable friend should not use that expression too freely.

Hon. Mr. BEAUBIEN: The amendment is directed against yellow journalism.

Section 11 was agreed to.

On section 12—common gaming house defined:

Hon. Mr. MARCOTTE: What is the object of this amendment?

Hon. Mr. DANDURAND: Its object is to include in the definition of a common gaming house one where any direct or indirect fee is charged for participation in a game or for the use of appliances. The present provision applies only to payments from stakes.

Hon. Mr. MARCOTTE: Is this to apply also to social clubs?

Hon. Mr. DANDURAND: Yes.

Hon. Mr. MARCOTTE: So it would apply to a game of bridge or poker in the Rideau Club, for instance?

Hon. Mr. DANDURAND: If a fee is charged.

Hon. Mr. MARCOTTE: Certainly a fee is charged. Any member would have to use his own cards; he would not be able to buy them if this amendment passed.

Hon. Mr. DANDURAND: There is nothing in the amendment to prevent a member from buying cards unless the price includes a fee for the game.

Hon. Mr. MARCOTTE: Social clubs are not run to make a profit; they are conducted for the enjoyment of their members. It seems to me that in line 39 after the words "charitable or religious" there should be inserted "or social." The same change should be made in line 42.

Hon. Mr. DANDURAND: But there are social clubs that are simply gambling institutions.

Hon. Mr. MURDOCK: They say that every poker party is a social party.

Hon. Mr. MARCOTTE: The law is already broad enough to cover what the Department of Justice wants to do by this amendment. I think it goes too far.

Hon. Mr. DANDURAND: I am told that the Department of Justice feels these abuses cannot be controlled otherwise than through such apparently stringent legislation.

Hon. Mr. MARCOTTE: I have been connected with clubs and sporting organizations for the last fifty years. I have practised law for more than twenty-five years and have had considerable experience in criminal courts. It is very easy for the police to establish a case. After all, this amendment is only for the purpose of making their work a little easier. True, many clubs instead of being conducted for social purposes are simply gambling houses, but that is no reason for penalizing bona fide social clubs. I would rather the whole amendment were abandoned than allowed to carry in its present form.

Hon. Mr. DANDURAND: Many of the so-called social clubs are gambling dens.

Hon. Mr. MARCOTTE: They are not bona fide social clubs. It is very easy for the police to make out a case against such institutions. But suppose you are a member of the Rideau Club and want to play a game of bridge at 25 cents a corner. If you paid for the use of the table you would come under this amendment.

Hon. Mr. DANDURAND: That is true if you pay especially to enter the game, but not if you are a member of the club.

Hon. Mr. MARCOTTE: If you deprive a bona fide social club of its profit in that way you will simply encourage a lot of gambling dives.

Hon. Mr. BEAUBIEN: It is ridiculous that this amendment should prevent a game of bridge in a decent social club. Is there not some way of restricting the application of the section to gaming houses? That is the real purpose of the amendment.

Hon. Mr. DANDURAND: The difficulty is that those institutions parade as social clubs.

Hon. Mr. BEAUBIEN: I know, but as a matter of fact they are gaming houses. The law should be so drafted that such houses will be put out of business, without decently conducted social clubs being affected.

Hon. Mr. DANDURAND: Let me direct my honourable friend's attention to this section 12:

Sub-paragraph (ii) of paragraph (b) of subsection one of section two hundred and twenty-six of the said Act is repealed and the following substituted therefor:

"(ii) the whole or any portion of the stakes or bets or other proceeds at or from such games is either directly or indirectly paid to the person keeping such house, room or place, or any direct or indirect fee is charged to or paid by the players or any of them for the right or privilege of participating, or for the purpose of enabling them or any of them to participate, in such games or for the use of any gaming appliances, tables, chairs or other paraphernalia employed in playing such games; but the provisions of this paragraph shall not apply to any house, room or place while occasionally being used by charitable or religious organizations for playing games therein for which a direct fee is charged to the players if the proceeds are to be used for the benefit of any charitable or religious object."

The object of the amendment is to include in the definition of "common gaming house" one where any direct or indirect fee is charged for participation in a game or for the use of appliances, and so on, with the exception provided for. The present provision applies only to payments from stakes.

I would remind my honourable friend from Ponteix (Hon. Mr. Marcotte) that any decent social club charges its membership an annual fee, and therefore would not fall under this definition.

Hon. Mr. MARCOTTE: Oh, no, we are not covered by that at all. Suppose you go to the club-house of the Knights of Columbus, either here or in Montreal. You have paid your entry fee, and then if you want to play a friendly game of poker you have to pay an extra 25 or 50 cents. Thereupon the club comes within this definition of a gaming house. It is a matter of evidence; it is a matter of fact. Because you want to prevent racketeers or gaming clubs from benefiting, you prevent everyone from indulging in social life.

Hon. Mr. DANDURAND: If a club finds that it is in the red and wants to increase its revenue, it can do so by raising the fees, and thus avoid the risk of being classed with clubs in which one pays for a seat at a table and participates in a game of chance. A line must be drawn between genuine, reputable clubs and those which falsely parade under the title of social clubs. I do not know exactly what the situation is in Montreal to-day, but there was a time when the so-called social clubs flourished. You could see them as you passed along the streets; they even advertised. The Department of Justice is trying to draw a line between them and respectable, well-known institutions. My honourable friend wants to know if the Rideau Club would not come under this head. I say it would not, and no respectable institution would. If it needs money it levies a special fee.

Hon. Mr. MARCOTTE: If a club increases its fee, it will never get any new members. I know that from actual experience.

Hon. Mr. BEAUBIEN: I think there is something to be said on both sides. It is the business of the Department of Justice to draft a definition that draws the line between the two kinds of clubs. I know how difficult that is to do. But it seems to me that under this clause, if a member goes into a club for the purpose of playing a game of cards, even if the stake is only 25 cents, and buys a pack of cards at twice their value, as sometimes happens, and the club gets a profit, he is directly or indirectly paying for the privilege of playing. Is that right?

Hon. Mr. DANDURAND: That is true.

Hon. Mr. BEAUBIEN: Then my honourable friend from Ponteix (Hon. Mr. Marcotte) is quite right in saying that the law goes too far. As I say, it is very difficult to draft a law to cover those clubs which are conducted exclusively for the purpose of gambling, and which do a tremendous amount of harm. They have members who pay a fee. I think the Department of Justice should concentrate on that and bring in an amendment this afternoon.

Hon. Mr. DANDURAND: Before accepting the amendment of my honourable friend (Hon. Mr. Marcotte) may I suggest as an alternative that the clause should read:

But the provisions of this paragraph shall not apply to any house, room or place while occasionally being used by charitable or religious organizations, or to a bona fide social club.

Hon. Mr. MARCOTTE: That is all right.

Hon. Mr. DANDURAND: It is suggested to me that the addition should be made at the end of the clause.

Hon. Mr. BEAUBIEN: It would be better to insert the words "but the provisions of this paragraph shall not apply to any bona fide social club," and then continue with the words:

—or to any house, room or place while occasionally being used by charitable or religious organizations,—

and so on.

Hon. Mr. MURDOCK: I think the words "bona fide social club" should follow the word "charitable" in line 39.

Hon. Mr. DANDURAND: I am told that it will be very difficult to apply this amendment, and I suggest that the committee might be tested on it.

Hon. Mr. BEAUBIEN: If you put the amendment at the end of the clause it is subject to the words "while occasionally being used," and everybody knows that in bona fide social clubs members play cards every day.

Hon. Mr. SINCLAIR: The word "occasionally" applies in both instances?

Hon. Mr. BEAUBIEN: Yes.

Hon. Mr. MURDOCK: Could not anyone who desires to make his living by gambling establish a social club?

Hon. Mr. BEAUBIEN: He would have to prove that it was a bona fide social club.

Hon. Mr. MURDOCK: It seems to me you are opening the door wider for the fellow who wants to live by gambling.

Hon. Mr. DANDURAND: The representative of the department thinks this would widen the clause too much. If it is the will of the committee, we will withdraw the amendment and see if it cannot be redrafted next year.

Hon. Mr. BEAUBIEN: I do not want to insist.

Hon. Mr. DANDURAND: The representative of the department does not feel justified in accepting the amendment.

Hon. Mr. BEAUBIEN: We could postpone the clause, and a satisfactory amendment might be offered this afternoon.

Hon. Mr. DANDURAND: We will suspend the clause till 3 o'clock.

Section 12 stands.

Section 13 was agreed to.

On section 14—disorderly conduct:

Hon. Mr. LEGER: Honourable senators, it seems to me that by this section we are opening wide the door to prosecution and persecution. The explanation given is that the amendment is to cover cases of shouting.

Hon. Mr. DANDURAND: The only change is in the words, "or in any other way."

Hon. Mr. LEGER: It seems to me that if this were passed a person would certainly have to watch his step and guard his tongue while he is walking on the street. Under this section, as I read it, one could be indicted and prosecuted for even walking the street. That, of course, is absurd, but the section is open to that construction. The existing clause defines how a disturbance is caused, but the added words, "or in any other way," do not define it, and a magistrate might say that running on the street or walking fast was causing a disturbance. It seems to me that if the section is intended to cover shouting, that word should be used.

Hon. Mr. BEAUBIEN: I think my honourable friend is quite right.

Hon. Mr. DANDURAND: I would draw my honourable friend's attention to the preceding clause of the Criminal Code which says:

(e) loiters on any street, road, highway or public place, and obstructs passengers by standing across the footpath, or by using insulting language, or in any other way.

Hon. Mr. LEGER: The offence is defined there.

Hon. Mr. BEAUBIEN: No, it is not.

Hon. Mr. DANDURAND: The explanation given says:

The object of this amendment is to cover cases of shouting, as in a recent case the magistrate held, in effect, that shouting was not included in the paragraph.

Hon. Mr. MARCOTTE: Then insert "shouting."

Hon. Mr. LEGER: I have no objection to that.

Hon. Mr. CALDER: You would have to do more than that. This is predicated on the fact that a disturbance is created. There may be a thousand things that would cause a disturbance, and the purpose of this language is simply to cover anything that would do so.

Hon. Mr. BEAUBIEN: But that is not right.

Hon. Mr. CALDER: Why is it not? All men should be treated alike. If there is a disturbance caused by any person in any way on a public street—

Hon. Mr. LEGER: Then you must define "disturbance."

Hon. Mr. CALDER: I agree with that.

Hon. Mr. BEAUBIEN: What is a disturbance? A funeral is a disturbance. What about the St. Jean Baptiste procession in Montreal, where traffic is stopped completely for five hours? That is a disturbance.

Hon. Mr. DANDURAND: But that is a legal disturbance.

Hon. Mr. HARDY: What about the Orangemen in Toronto?

Hon. Mr. BEAUBIEN: If I understand this article as drafted, it is justified because it is prefaced by the word "disturbance."

Hon. Mr. DANDURAND: I would point out that this applies to vagrancy. The law of vagrancy does not apply to persons of generally good character, but is intended to apply to loose, idle and disorderly persons.

Hon. Mr. BEAUBIEN: So all women walking on the streets would have to carry certificates to show that they are not loose women. No, no; the reason this class is widened is to include shouting. Why not put in the word "shouting"?

Hon. Mr. DANDURAND: It amuses me to think that a magistrate declared that shouting did not come within this section, but screaming did.

Hon. Mr. LEGER: The magistrate was wrong, and his decision should have been appealed.

Hon. Mr. BEAUBIEN: Why does the department not insert "shouting" if it is desirable to cover that?

Right Hon. Mr. GRAHAM: Is this matter applicable only to Montreal?

Hon. Mr. DANDURAND: We could strike out the words "or in any other way" and insert the word "shouting" before the word "screaming."

Hon. Mr. MURDOCK: What is the difference between "shouting" and "screaming"?

Hon. Mr. DANDURAND: This is suggested in order to meet the decision of a magistrate.

Hon. Mr. CALDER: Would this apply to children who turn somersaults on the street?

Hon. Mr. DANDURAND: It applies only to vagrants.

Hon. Mr. CALDER: Interpretation would be much easier if the word "disturbance" were defined.

The CHAIRMAN: The proposed amendment is to strike out the words "or in any other way" and to insert the word "shouting" before "screaming." This would make the paragraph read:

causes a disturbance in or near any street, road, highway or public place, by shouting, screaming, swearing or singing, or by being drunk, or by impeding or incommoding peaceable passengers.

The amendment was agreed to.

Section 14, as amended, was agreed to.

On section 15—liability of driver of car for failure to stop after accident happened:

Hon. Mr. DANDURAND: The object of this amendment is to increase the penalty and to place the burden of proof on the accused with respect to the intent to escape liability.

Hon. Mr. BEAUBIEN: I suggest that the section be read. This is the main part of the Bill.

The CHAIRMAN: Section 15 reads:

Subsection two of section two hundred and eighty-five of the said Act is repealed and the following substituted therefor:

(2) Whenever, owing to the presence of a motor car on the highway, an accident has occurred to any person or to any horse or vehicle in charge of any person, any person driving the motor car shall be guilty of an offence and liable, either on indictment or on summary conviction to a fine not exceeding five hundred dollars and costs or to imprisonment for a term not exceeding six months if, with intent to escape liability either civil or criminal, he fails to stop his car, tender assistance, and give his name and address. Such failure shall be prima facie evidence of an intent as aforesaid.

Section 15 was agreed to.

On section 16—reckless or dangerous driving; prohibiting driving; driving when licence suspended or order made prohibiting driving:

Hon. Mr. DANDURAND: The object of subsection 6 is to make it an offence, notwithstanding that no accident occurs or no damage is done, for anyone to drive recklessly or in a manner dangerous to the public. This subsection is new.

Hon. Mr. BEAUBIEN: I think it ought to be read.

The CHAIRMAN: Section 16 provides:

Section two hundred and eighty-five of the said Act, as amended by section six of chapter eleven of the statutes of 1930, by section eight of chapter forty-seven of the statutes of 1934, by section four of chapter fifty-six of the statutes of 1935, and by section fifteen of this

Act, is further amended by adding thereto the following subsections:

"(6) Every one who drives a motor vehicle on a street, road, highway or other public place recklessly, or in a manner which is dangerous to the public, having regard to all the circumstances of the case, including the nature, condition, and use of the street, road, highway or place, and the amount of traffic which is actually at the time, or which might reasonably be expected to be, on such street, road, highway or place, shall be guilty of an offence and liable

(a) upon indictment to imprisonment for a term not exceeding two years or to a fine not exceeding one thousand dollars or to both such imprisonment and fine; or

(b) on summary conviction to imprisonment for a term not exceeding three months or to a fine not exceeding one hundred dollars or to both such imprisonment and fine.

(7) Where any person is convicted of an offence under the provisions of subsections one, two, four or six of this section the court or justice may, in addition to any other punishment provided for such offence, make an order prohibiting such person from driving a motor vehicle or automobile anywhere in Canada during any period not exceeding three years.

(8) Every one is guilty of an offence and liable on summary conviction to imprisonment for a term not exceeding six months or to a fine not exceeding five hundred dollars or to both such imprisonment and fine who, whilst disqualified from driving a motor vehicle or an automobile by reason of the legal suspension or cancellation in any province of his permit or licence to drive therein, or by reason of an order made under the provisions of subsection seven of this section, drives any motor vehicle or automobile anywhere in Canada."

Hon. Mr. HARDY: Honourable senators, I think there is a disproportionate penalty provided in at least one, if not more, of these subsections. It seems to me that the provision for imprisonment "not exceeding two years" or a fine "not exceeding one thousand dollars," or a combination of "both such imprisonment and fine," is altogether excessive. Experience has shown that when penalties are too severe there is more likelihood of guilty persons being acquitted. I realize that the magistrates and judges have some discretion in the matter, but I think the maximum limits of the penalty are altogether too high. Compare them with the penalty provided by section 15, which we have just passed. Under that section, if a person is guilty of a hit-and-run offence he is liable to a fine of not more than $500 or to imprisonment for a term not exceeding six months. Yet under this section 16 a man convicted of reckless driving, even though no accident had occurred, could be given a much heavier sentence. Under subsection 8 another very heavy penalty is provided for a person convicted of driving when his licence is suspended: he may be sentenced to prison for a term not exceeding six months, or fined not more than $500, or made to serve the term and pay the fine as well. Of course I realize that some serious instances may arise where it is necessary to deal severely with a person who drives when his licence is suspended, but if some thoughtless young person whose licence has been cancelled decides to drive and run the risk of being caught, he may be placed in jail for six months along with hardened offenders. To my mind these penalties are atrocious, barbaric.

Hon. Mr. CALDER: What penalty is inflicted upon parents whose child is killed by a reckless driver? That is something far worse than anything to which my honourable friend has referred. In my opinion this amendment is an attempt to take care of a situation that has become simply dreadful.

Hon. Mr. HARDY: I realize that.

Hon. Mr. CALDER: Severe penalties must be provided if this situation is to be improved. The man or woman or boy who drives a motor-car recklessly should be made to understand that that sort of thing must stop.

Hon. Mr. MURDOCK: Hear, hear.

Hon. Mr. CALDER: The toll of death resulting from reckless and inefficient driving, all over this continent, is terrible.

Hon. Mr. DANDURAND: And I may say to my honourable friend that the provinces are wide-awake to the seriousness of the situation. They are moving ahead of us in the matter of increasing penalties. For a second offence Ontario has already provided as severe penalties as those proposed in this amendment.

Hon. Mr. MURDOCK: Justification for penalties of this kind is surely to be found in the fact that for the last ten years an average of more than 40,000 persons a year have been killed by automobiles in the United States.

Hon. Mr. BEAUBIEN: Yes.

Hon. Mr. MURDOCK: And in Canada during the last ten years there has been an average annual death toll from automobiles of 1,150. Can laws possibly be too severe in the face of a situation like that?

Hon. Mr. HARDY: In England, where the penalties are heavier than here, motor accidents and deaths therefrom have been increasing right along. I have known of instances of merely thoughtless driving—not what could be called reckless driving—where motorists have had their licences cancelled for two or three years. For what we might regard as a

fairly light offence the English courts will without hesitation sentence a man to a year in jail. Yet in the last three years the number of deaths through automobile accidents in England has been increasing.

Hon. Mr. LEGER Why not cut these penalties in two?

Hon. Mr. BEAUBIEN: I think the penalties proposed here are severe, but I appreciate the necessity of eliminating reckless driving. We should not forget that this section applies not only to those who drive recklessly, but also to those who drive "in a manner which is dangerous to the public." What does that mean? Anybody who drives a car knows that he frequently does something which might fall within the meaning of that phrase. Every time you go a few inches over the centre of the road you are, I suppose, doing something dangerous. As my honourable friend from Leeds (Hon. Mr. Hardy) has said, the penalties are heavy.

Hon. Mr. DANDURAND: In cases of minor infractions of the law, summary proceedings would be taken.

Section 16 was agreed to.

At 1 o'clock the Committee took recess.

The Committee resumed at 3 p.m.

The CHAIRMAN: At 1 o'clock section 16 had been carried.

On section 17—plants, etc., growing in garden:

Hon. Mr. MARCOTTE: It seems to me there is absolutely no proportion between the fine and the term of imprisonment. The fine has been increased from $20 to $50—about two and a half times; but the term of imprisonment has been increased from one month to twenty-four months—twenty-four times.

Hon. Mr. DANDURAND: My honourable friend will observe the explanatory note on the opposite page:

> The object of the amendments to sections three hundred and seventy-four and three hundred and seventy-five is to make the penalty conform to that contained in section three hundred and seventy for stealing certain animals. These amendments are made at the request of various municipal county councils.

It is simply a maximum penalty.

Hon. Mr. MARCOTTE: I know; but the honourable gentleman will certainly admit that if a man is to be fined $50, it is not reasonable that in default he should be sentenced to two years' imprisonment. As I say, there is no proportion between the two.

Hon. Mr. COTE: You might make the term six months and so preserve some proportion, not only in the changes, but also in respect of the nature of the offences.

Hon. Mr. DANDURAND: I do not intend to wrestle with these matters the whole afternoon. I am ready to accept a reasonable amendment.

Hon. Mr. COTE: I move that section 17 be amended by changing in the last line thereof the words "two years" to "six months."

Hon. Mr. DANDURAND: I accept the amendment.

The amendment was agreed to.

Section 17, as amended, was agreed to.

On section 18 cultivated plants, etc., growing elsewhere:

Hon. Mr. DANDURAND: The same amendment will apply to this clause. Substitute for the words "two years" the words "six months."

The amendment was agreed to.

Section 18, as amended, was agreed to.

On section 19—theft of automobiles:

Right Hon. Mr. MEIGHEN: I wish to make a suggestion to the honourable leader of the Government. A stolen automobile is the indispensable instrument of the major crimes of to-day. But for the stolen automobile, there could be no spreading of these major crimes of a most daring and devilish character. I think we shall have to make it compulsory on every owner to lock the door of his car, and its ignition, and on the manufacturer to provide different keys for the ignition and the door. The motor can be started by an ingenious mechanical thief, but he might find it difficult to unlock the car door. It seems to me that in this day of the motor-car the public will have to be taught to help in the protection of property. The owner who leaves his car so that somebody can steal it does something not only harmful to himself, but vastly more harmful to life and property.

Hon. Mr. DANDURAND: I think it is an excellent suggestion, but I do not see how it can be put into effect just now.

Right Hon. Mr. MEIGHEN: Make it a punishable offence to leave a car unlocked.

Hon. Mr. LITTLE: The City Council of London has instructed its police officers to remove the keys of any unlocked cars parked on the streets. This compels the owners

to go to police headquarters, and is a salutary warning to them to keep their cars locked.

Right Hon. Mr. MEIGHEN: But the thief could steal the car before the police arrived.

Section 19 was agreed to.

Sections 20 and 21 were agreed to.

On section 22—holder of lease of gold or silver mine defrauding owner:

The CHAIRMAN: An amendment has been offered: page 9, lines 38 and 39, leave out the words "gold, silver" and substitute the words "gold, silver, platinum or other precious metals."

Hon. Mr. DANDURAND: It is a clerical error in the printing of the Bill.

The amendment was agreed to.

Section 22, as amended, was agreed to.

Sections 23 and 24 were agreed to.

On section 25—burden of proof:

Hon. Mr. MARCOTTE: Honourable senators, in reading over this section it strikes me that we are getting away more and more from the principles of British law. You will find in practically every section that the burden of proof is on the accused. There is always a prima facie case. Under the principle of law that no person is guilty until he is proven guilty, you are not able to force an accused person to give evidence in court; but if you put on him the burden of proving that he is not guilty, you can put him into the box and cross-examine him. I think that is going too far.

Hon. Mr. DANDURAND: I am glad my honourable friend draws attention to the general principle.

Hon. Mr. MARCOTTE: I know that it may be desirable to shift the burden of proof in certain cases, but as a rule we should avoid doing that.

Hon. Mr. DANDURAND: The department is trying to avoid it.

Hon. Mr. MARCOTTE: It is not making a very great effort.

Hon. Mr. DANDURAND: We shall see as we proceed.

Section 25 was agreed to.

Section 26 was agreed to.

On section 27—using trade marks of others by trafficking in bottles:

Hon. Mr. HAIG: This section refers to "milk, by-products of milk or other liquid commodities." In the city of Winnipeg there are four dairy companies, and if you return a bottle of one of those companies to another company it will be acccepted.

Hon. Mr. DANDURAND: They have an arrangement for clearing. I may say that the milk people have a great deal of trouble about bottles. Recently it was held in the province of Ontario that "beverages" did not include milk. Because of this decision the department is bringing in the amendment to include milk and by-products of milk.

Right Hon. Mr. MEIGHEN: I think it is all right. I am in the milk business.

Hon. Mr. HAIG: I know you are—the City Dairy.

Hon. Mr. DANDURAND: This is done at the request of the dairy associations.

Section 27 was agreed to.

Section 28 was agreed to.

On section 29—offence penalty:

Hon. Mr. DANDURAND: As to sections 29 to 33, my honourable colleagues will notice the explanation given.

The object of these amendments is to provide for uniform punishment and to make the maximum terms greater than, but consistent with, the punishment usually awarded for the offences in question.

The only amendments to these sections are as follows:

Five hundred and eleven—from life imprisonment to "a term not exceeding fifteen years," and the value of the chattel from two hundred to twenty-five dollars.

Five hundred and twelve—from fourteen to five years.

Five hundred and thirteen—from fourteen to five years.

Five hundred and fourteen—from seven to five years.

Five hundred and sixteen—from ten to three years.

In view of the foregoing explanation it is not necessary nor essential to print the repealed sections.

Right Hon. Mr. MEIGHEN: That is O.K.

Section 29 was agreed to.

Sections 30 to 33, inclusive, were agreed to.

On section 34—partial interest; fraud; onus on insured:

Hon. Mr. MARCOTTE: This is another place where you are shifting the onus.

Right Hon. Mr. MEIGHEN: That is all right, I think.

Section 34 was agreed to.

Sections 35 and 36 were agreed to.

On section 37—recognizance to be binding for speedy trial:

Hon. Mr. HAIG: This means that you do not have to surrender, and get new bail, and come back again?

Hon. Mr. DANDURAND: Yes.

Section 37 was agreed to.

Section 38 was agreed to.

On section 39—summary trial in certain cases:

Hon. Mr. DANDURAND: The change here is very slight.

Right Hon. Mr. MEIGHEN: That is all right.

Section 39 was agreed to.

On section 40—absolute jurisdiction in certain cases:

Right Hon. Mr. MEIGHEN: Ontario had been left out.

Section 40 was agreed to.

Section 41 to 45, inclusive, were agreed to.

On section 46—certain automatic machines to be deemed means or contrivance for playing game of chance:

Right Hon. Mr. MEIGHEN: I know nothing about this.

Hon. Mr. HAIG: These are the machines you see in the stores.

Section 46 was agreed to.

Section 47 was agreed to.

On section 48—right of appeal against sentence:

Right Hon. Mr. MEIGHEN: How was this provision before?

Hon. Mr. DANDURAND: The leave was granted by a single judge.

Right Hon. Mr. MEIGHEN: Now you have to get leave of either the court of appeal or a judge thereof. All right.

Section 48 was agreed to.

On section 49—accused to remain in custody or on bail where Attorney-General appeals:

Right Hon. Mr. MEIGHEN: This is to cover cases like the Comba case, is it?

Hon. Mr. DANDURAND: Yes.

Section 49 was agreed to.

Sections 50 to 55, inclusive, were agreed to.

On section 56—coming into force:

Right Hon. Mr. MEIGHEN: Why the exceptions?

Hon. Mr. DANDURAND: They are the motor-car clauses.

Right Hon. Mr. MEIGHEN: Why suspend all the others?

Hon. Mr. DANDURAND: It is usual to give a couple of months' notice before bringing the clauses into effect.

Hon. Mr. BEAUBIEN: Is it customary to suspend the coming into operation of the clauses?

Hon. Mr. DANDURAND: Yes.

Section 56 was agreed to.

On section 12—common gaming house defined (reconsidered):

Hon. Mr. DANDURAND: I move that clause 12 be amended by inserting in line 38, page 5, after "place," the following:

—while occupied and used by an incorporated bona fide social club if the whole or any portion of the stakes or bets or other proceeds at or from such games is not either directly or indirectly paid to the person keeping such house, room or place, and no fee in excess of ten cents per hour or fifty cents per day is charged to the players for the right or privilege of participating in such games nor—

Hon. Mr. COTE: Before the amendment is carried I should like to ask why the word "incorporated" is inserted. There are many bona fide social clubs that are not incorporated. There are branches of fraternal societies throughout the land which are not part of the incorporated company, but only local branches. They would not receive the benefit of the amendment.

Hon. Mr. BEAUBIEN: Are they not branches of the parent incorporation?

Hon. Mr. COTE: No. They are quite independent. They are a local partnership.

Hon. Mr. BEAUBIEN: Every member is responsible?

Hon. Mr. COTE: Yes.

Hon. Mr. DANDURAND: The reason that word is used is to make it possible to follow the societies and make sure that they have not been organized just for the hour and are not likely to disappear the next day. If they ask for letters patent they can be traced for the purpose of seeing what their organization is. I think it is an advantage to be able to follow them.

Hon. Mr. COTE: It is suggested to me, and I am willing to adopt the suggestion, that the words "or branches thereof" be added after the words "incorporated social clubs."

Hon. Mr. DANDURAND: Would a branch not be covered by the incorporation of the mother society? It is a part of the whole.

Hon. Mr. BEAUBIEN: I think it would be covered. So far as we in the province of Quebec are concerned, we have a means whereby, without any cost at all, the clubs can be incorporated by the municipality.

Hon. Mr. COTE: How would it be to say, "incorporated or constituted either by agreement or under local incorporation"?

Hon. Mr. DANDURAND: You are loosening the guarantee which the word "incorporated" gives.

Hon. Mr. COTE: Not to a very great extent, because it would have to be a bona fide social club before it would be entitled to the protection of the amendment.

Hon. Mr. DANDURAND: I am told that a club may be a bona fide social club and yet be carrying on a racket. I think we should try the clause as it is.

Hon. Mr. COTE: You do not get my point. I am rather helpless, because I have not a copy of the amendment before me. Would this be satisfactory: add after the words "social club" the words "or branches or councils thereof"?

Hon. Mr. DANDURAND: I have no objection to that.

Hon. Mr. COTE: I move that after the words "social club" the words " or branches thereof" be added.

The amendment was agreed to.

Section 12, as amended, was agreed to.

The preamble and the title were agreed to.

The Bill was reported, as amended.

THIRD READING

On motion of Hon. Mr. Dandurand, the Bill as amended was read the third time, and passed.

INTERNAL ECONOMY COMMITTEE REPORTS

SENATE EMPLOYEES

Hon. G. V. WHITE presented, and moved concurrence in, the sixth report of the Standing Committee on Internal Economy and Contingent Accounts.

Right Hon. Mr. MEIGHEN: I am not going to object to the report, but I do wish to comment upon the continual growth of the scale of remuneration. It is very easy to keep raising that scale and apparently very difficult to bring it down. It would seem that the only practical course is to leave things where they are.

Hon. Mr. DANDURAND: I do not recall whether my right honourable friend is a member of the committee.

Right Hon. Mr. MEIGHEN: I may be, but I could not get to its meeting.

Hon. Mr. DANDURAND: I am a member of the committee, and I confess I too was unable to attend its sitting. Perhaps the Senate itself should sometimes look into its accounts early in the session and adopt a policy which could be carried out by the Internal Economy Committee. It is true that the Senate has the right to deal as it sees fit with the committee's reports, but often it is difficult to intervene and alter any recommendation made by the committee, which has had the advantage of receiving first-hand information on the subject concerned. I am not at all intending to criticize, but I believe that these reports are presented a little late in the session, when there is very little time left for members to examine them.

Hon. Mr. HARDY: May I ask the chairman of the committee (Hon. Mr. White) whether he can give us any reasons for the recommended increases? It is a regular occurrence to have similar reports presented at the end of every session, but, thinking back over a period of some fifteen years, I cannot recall having ever heard any explanations for such increases. They may be based on statutory requirements or long service, but, whatever the fact is, we do not know it.

Hon. Mr. WHITE: I can assure honourable members that the committee gave the fullest possible consideration to these matters. We had a number of applications for increases which were not granted. The committee felt that where increases had been recommended they were justified by the merit of the respective employees.

Right Hon. Mr. MEIGHEN: Is the explanation satisfactory?

Hon. Mr. HARDY: Just about as satisfactory as answers we get to any other requests for explanations of recommended increases in pay. In other words, it is not satisfactory at all.

Hon. Mr. DANDURAND: Of course, it would be somewhat unjust to make general declarations concerning a number of increases, some of which may be of a petty nature and quite acceptable to the House. I imagine that

in most instances the Senate would be quite agreeable to what is recommended by the committee.

Hon. Mr. QUINN: We have taken our cue from the supplementary estimates.

Right Hon. Mr. GRAHAM: Then there will be further supplementary estimates.

The motion was agreed to.

PRESS REPORTERS OF THE SENATE

Hon. G. V. WHITE presented, and moved concurrence in, the seventh report of the Standing Committee on Internal Economy and Contingent Accounts.

Hon. Mr. MURDOCK: I would suggest that this report be taken into consideration to-morrow.

Some Hon. SENATORS: No.

Right Hon. Mr. MEIGHEN: That would be equal to the six months' hoist.

Hon. Mr. WHITE: I think my honourable friend from Parkdale (Hon. Mr. Murdock) is unreasonable. I submit this report ought to be dealt with immediately.

Hon. Mr. MURDOCK: I insist that it stand over until the next sitting.

The Hon. the SPEAKER: Honourable senators, objection has been made by the honourable gentleman from Parkdale (Hon. Mr. Murdock) to the report being taken into consideration to-day. Under the Rules, unanimous consent of the House is necessary to permit consideration of a report sooner than one day after it is presented. Therefore this report cannot be taken up to-day.

Hon. Mr. WHITE: I appeal to my honourable friend from Parkdale (Hon. Mr. Murdock) not to insist that the Rules be followed in this case. He realizes that Parliament will likely prorogue to-day. I think that in fairness to the committee the report should be dealt with now.

Hon. Mr. MURDOCK: I do not want to appear obstinate. I agree with the sentiment expressed a few moments ago by the right honourable leader on the other side (Right Hon. Mr. Meighen) about increases. Now, if honourable members want to enter into a discussion of what is involved in this particular report, I will withdraw my objection, go upstairs, get some papers and come back and go into the matter thoroughly. Personally I regard some of the things that have been done in connection with this item as—if you will pardon the expression—a pure and simple hold-up. Do not forget that before our dear old departed friend Tom Blacklock went to his reward he was paid a certain weekly allowance while the Senate was not in session. That was unanimously agreed to, I think.

Hon. Mr. DANDURAND: It seems to me the honourable member is out of order.

Hon. Mr. MURDOCK: Excuse me.

Hon. Mr. HAIG: I rise to a point of order. Has the last Order been passed?

Hon. Mr. COPP: No; it is held up.

Hon. Mr. HAIG: Other people can hold up things too.

Some Hon. SENATORS: Order!

Hon. Mr. HAIG: I rise to a point of privilege. In committee I voted with the honourable member from Parkdale (Hon. Mr. Murdock) against this report, but, as it was adopted after full discussion, I certainly object to its being held up now. I do not intend to be on a committee and let that happen without protest. So far as I am concerned, there will be no more suspension of rules for the rest of the afternoon. We can sit to-morrow, if necessary.

Hon. Mr. CALDER: I understand that before the honourable senator from Parkdale was called to order, an appeal had been made to him to withdraw his objection, and he was speaking to that question. I think he should be given time to explain his position.

Hon. Mr. DENNIS: Honourable senators, reference has been made to the late Thomas Blacklock. He was a very dear personal friend of mine and of many other members of this House. Many honourable gentlemen will recall that before his appointment as our press reporter the work of the Senate received very little publicity from the newspapers of this country. It was only when the matter was brought to the attention of the Canadian Press, and we had its representative in this House, that the Senate received full publicity across the continent. I maintain that the remuneration suggested for the representatives in the Senate Press Gallery is a very modest amount.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. DENNIS: If we want publicity for our work, then I think this item should be passed.

Hon. Mr. BLACK: Hear, hear.

The Hon. the SPEAKER: Do other honourable senators wish to speak to the point of order?

Hon. Mr. MURDOCK: Surely there is no point of order involved.

The Hon. the SPEAKER: On the point of order raised by the honourable junior member from Winnipeg (Hon. Mr. Haig), I would remind honourable senators that we have been transgressing the Rules during the past few days; there is no question about that. Under the Rules a report can only be taken into consideration forthwith by unanimous consent. The honourable member from Parkdale objected, and thereupon only one course was left open to me: to declare that the report would be taken up at the next sitting of the House.

Hon. Mr. WHITE: Honourable members, my honourable friend from Parkdale a few moments ago said he would consent to proceed with consideration of the report if given time to get his papers. I should like him to equip himself so that we may dispose of the matter now.

Hon. Mr. MURDOCK: Do it to-morrow.

Hon. Mr. HAIG: All right. That is an old game two can play at.

Hon. Mr. BLACK: Honourable members, it seems to me unfortunate that we did not begin this discussion when the first report was presented. Then we might have objected to them all. But to hold up the last item is, I think, manifestly unfair. I am willing that the Senate should reconsider all the reports, though I am not prepared to say that the remuneration is too high. As to the recommendation now before us, I agree with my honourable friend to my left (Hon. Mr. Dennis) that the remuneration of our press reporters is not excessive; in fact it is very modest. Further, I agree with him that for many years the proceedings of the Senate were given no publicity whatever in the press of the country, and that for the past few years there has been a great improvement in this respect. It is, I believe, for the benefit of the country generally that full publicity should be given to the proceedings of this House, since some of the most important legislation is either initiated here or so amended by the Senate as to be of real value to the country. Personally, I am strongly in favour of the report—

Some Hon. SENATORS: Hear, hear.

Hon. Mr. BLACK: —and I do not think it should be quashed on technical grounds.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. MURDOCK: It is rather difficult for me to ignore so many suggestions that these reports should be dealt with. On the understanding that early next session I shall place on the Order Paper a list of questions which I hope will elicit the facts in this case, I withdraw my objection now.

Hon. Mr. BLACK: Thank you. That is satisfactory.

The motion was agreed to.

COMMITTEE ROOM 262

Hon. Mr. WHITE presented, and moved concurrence in, the eighth and ninth reports of the Standing Committee on Internal Economy and Contingent Accounts.

The motion was agreed to.

FARMERS' CREDITORS ARRANGEMENT BILL

MESSAGE FROM THE HOUSE OF COMMONS

The Hon. the SPEAKER presented the following message from the House of Commons:

Resolved that a message be sent to the Senate to acquaint Their Honours that with respect to Bill No. 25, an Act to amend the Farmers' Creditors Arrangement Act, 1934, this House has substituted a further amendment agreed upon at the Free Conference with the Senate in lieu of the Senate's second amendment, to which the House had disagreed and on which the Senate had insisted; and to request the concurrence of the Senate thereto.

Hon. Mr. DANDURAND: Honourable senators, I move, seconded by Right Hon. Mr. Meighen—since we were both Managers of that Free Conference—that the Senate concur in the amendment which is now submitted to this Chamber.

The motion was agreed to.

PENITENTIARY BILL

FIRST READING

A message was received from the House of Commons with Bill 175, an Act respecting Penitentiaries.

The Bill was read the first time.

SECOND READING

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

He said: Honourable senators will find on the right-hand page of the Bill this short explanatory note:

The general object of this Bill is to establish a commission with power, under the Minister of Justice, to control and manage the penitentiaries. At present the penitentiaries are

directed and administered by a Superintendent and three inspectors as officers of the Department of Justice.

To attain this objective it is necessary to amend many of the sections of the Penitentiary Act, as well as to re-number the same, and for the purpose of clarity the provisions of the said Act have been amended and consolidated in the present Bill.

I desire to submit the explanation given by the Minister of Justice when he presented to the House of Commons the resolution preceding this Bill. He said:

I do not minimize, the committee may be sure, the great importance of this resolution and the legislation which will follow it. As the honourable member for Winnipeg North Centre (Mr. Woodsworth) said, this question is one which has been before the country for many years. Rightly or wrongly there has been a feeling that all was not perhaps as well as it should be in the penal institutions of Canada, and I well remember well-meaning citizens imploring us to carry on an investigation. I was on the other side of the House at the time when that great social worker, my own fellow citizen and townsman, Archdeacon Scott, the padre, came to see me and besought me to plead with the then Government for an investigation into the penitentiaries. A large body of public opinion was certainly aroused at the time, and when the campaign of 1935 took place the present Leader of the Government made a promise that there would be an investigation by royal commission into the administration of the penitentiaries.

We came into office in October, 1935, and the royal commission was appointed in February, 1936. The resolution before us is the result of the report of that commission. Whatever may be our opinion as to its findings and recommendations, I think everyone will agree that its report is a considerable and well-prepared work and that the commissioners have devoted their energies and abilities to doing the work as completely and even as perfectly as it could be done. This does not mean, of course, that we are to agree with everything they may suggest or recommend. I personally agree with a great many of the things they recommend. With some of them I do not agree, and as to many others I have doubts whether they should be carried into practice. But as far as one of the recommendations is concerned, and it is their main recommendation, the one which is embodied in this resolution and in the Bill to follow, namely, the appointment of a commission or a prison board to replace the present administration, with that recommendation I am in agreement.

Most of the other suggestions and recommendations—and there is a multitude of them—will have to wait. Most of them can be carried out by regulations after the commission, the prison board, to be appointed have satisfied themselves that they should be carried out; but the most important of them will have to be the subject of legislation, and Parliament of course will have ample time to study the report and consider the advisability of making those changes. The commissioners in their report suggest that it is a work of five years to put into effect all the recommendations which they make, but this Bill, I repeat, is merely for the purpose of creating a prison board.

I fully sympathize with the view expressed by my right honourable friend the Leader of the Opposition (Mr. Bennett), by my honourable friend the member for Fraser Valley (Mr. Barber), and by my honourable friend the member for Yale (Mr. Stirling), that the members of the House have not had sufficient time to read and consider this voluminous report; and if this legislation would have the effect of carrying out all the recommendations of the commission, I would certainly feel that their contention was even stronger than it is. But so far as merely creating a prison board is concerned, changing the present system in that respect, I do not see that it is so essential or necessary to have read all the arguments in favour of the numerous changes which are suggested. There may be some who think, as my right honourable friend does, that we should wait, but I am quite sure that there are a good many more who would strongly criticize the Government for not doing anything this session, after this report has been tabled.

I do not agree with the basis on which my right honourable friend lays his strongest objection. He says that we are asking the committee to render a verdict against General Ormond. We are doing nothing of the kind. It is not the person of the superintendent; it is the system against which a verdict is rendered. If there is a verdict it is a verdict against a system; it is a question not of changing a man and putting another man in his place, but of changing the system. My honourable friends who spoke of the dismissal of General Ormond did not state the position correctly. There is no question of dismissing the superintendent by the creation of a commission.

Mr. Stirling: That is the recommendation.

Mr. Lapointe (Quebec East): True, his office would disappear. As this happens quite frequently in the Civil Service, he would be eligible for retirement allowance if he is entitled to any. The question of dismissing General Ormond has not been considered at all. Surely, if the policy of having a prison board in charge of the administration of the penitentiaries of Canada is the right policy, no single man should be an obstacle to putting that policy into effect. I repeat, the fact of giving effect to the recommendation of creating a prison board does not mean that anything is done against the superintendent who is in charge at the present time.

Of course I should be following the line of least resistance if I were to accept the view that it would be better to wait a few months. This will be a very difficult task. The appointment of the three men who will serve on this prison board will be a task of great magnitude. Some seem to believe that we should find supermen for that work. Unfortunately they do not exist any more in Canada and the other countries of the world. We have to find the best men possible. I am free to admit that at the present time I do not know what men will be appointed on that board. I have already received many requests, and I am afraid I shall disappoint some of the writers when I say that the choice which will be made will not be made from among those who have written. I may add that these will not be political appointments. If there is a work which will be most responsible and difficult, it will be this. It is a work which does not bring much satisfaction. There is no

occupation more open to criticism than that of those in charge of penitentiaries, working all the time earnestly, satisfying nobody and being subject to criticism which is not always fair. I think I am right in saying this. But I am going to do my best, with the help of my colleagues, to find three men who will most adequately recommend themselves to our appreciation. I have a great deal of sympathy with the suggestion of the honourable member for Portneuf (Mr. Gauthier) that one of them should be a medical man. I believe that is recommended by the members of the royal commission. But as honourable members will see when the Bill is introduced, it will come into force only on proclamation. Of course we have to consolidate the Penitentiaries Act by striking out in many places the words "Minister" and "Superintendent" and replacing them by "board" or "commissioners." But the Bill in itself will mainly consist of this great change of creating a board to administer the penitentiaries.

My right honourable friend has spoken of the parole system and of the change which is suggested by the commission. I must say, without enlarging upon it, that I am inclined to agree with him that the carrying out of the recommendation in that regard will be a difficult step to take. This, however, will be considered later, and Parliament will have its say if this change is suggested in a practical way.

I do not think I have anything to add to this. When the Bill is discussed after it has been introduced, I shall be prepared to give any further information.

I thought I would give this statement, because after it was made, earnestly, sincerely, loyally, the Minister of Justice said that while he had but respect and esteem for General Ormond, the superintendent would have to disappear and be replaced by the commission. The Minister recognized the difficult situation in which General Ormond was placed, and had nothing but words of esteem for him. I have mentioned this in order to show how the Minister approached the subject. He has declared somewhere that he did not feel that he would be doing justice to himself if he failed to state that he could not properly discharge his duties if he were not granted the powers which he seeks under this Bill. For this reason he begged of Parliament to accept this legislation, the sole object of which is to confine the administration of our penitentiary system to three commissioners.

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

Right Hon. ARTHUR MEIGHEN: Honourable senators, there is no time this session to discuss adequately the penitentiary question. Honourable members who have been here for any number of years know pretty well what I think of it now. I do not try to minimize the necessity of maintaining a sound, sensible and well thought out penological system, and I do not try to argue that what we have been maintaining, and what we have to-day, is absolutely perfect. I do think our penitentiary system has been, and is, reasonably efficient, and I think there are other problems of infinitely more consequence weighing on us in Canada, which are more urgently in need of the expenditure of the time, money and controversy which have been spent in relation to those who have committed crimes against society.

I do not know what the state of psychology of the masses at this time is. It seems to be to deprecate anything in the world in the way of industry, enterprise and success; to look upon the man who does something for himself —and therefore for everybody, if he does it honestly and within the law,—and who employs others and contributes to the general betterment of humankind within the nation, as prima facie a public enemy. It seems to regard the man who rests lazily in the arms of the State and depends upon the public to keep him going, who does nothing and who is content to accept relief, or, still worse, who is in jail, with the tenderest and most infinite solicitude as one of the darlings of the nation. I may have exaggerated that attitude of mind; but it exists; it is everywhere. And it is that attitude which has driven the Government—I think, against its own will and judgment—to spend almost a fortune in getting the opinions of 1,860 prisoners in our penitentiaries as to whether they were properly treated, and in examining various officials, guards, and so forth, throughout the country, the assumption being that three men may make themselves experts and authorities, speaking as Jove from high Olympus, on the management of penitentiaries.

I regard the protection of society as the first object of punishment, and by far the major object. The regeneration, if possible, of the prisoner, is the second.

For two of the members of the commission, and particularly for the chairman, I have nothing but respect and high regard. So far as I can survey the field, I do not think that a better chairman could have been selected. He has had wide experience, he knows the whole of Canada well, and he has the right make-up generally to compose difficulties, to come to intelligent opinions if allowed to do so, and, were he alone, to express them. I have much regard also for Mr. Craig. I have seen little of him for many years; so perhaps I should say no more. As for the third commissioner—well, I see in the report a great deal of what I should regard as the fruit of his appointment. The less I say about him, the better.

I am opposed to the Bill now before the House. I do not agree with this phase of the commission's report. I do not think a board to superintend our penitentiaries is necessary from any point of view. I wonder whether, from this time on, we could run a hen-roost in this country without a commission. One would think, to listen to the words of the Minister of Justice, that it was a giant's job to exercise the powers and perform the duties of Superintendent of Penitentiaries. It is the job of an able man, I know, and possibly he needs an assistant; but that it is a job for a commission I do not know and do not believe.

Commissions are appropriate where the duties are judicial, where the meeting of mind with mind over controversial matters is essential. It is not appropriate here. This is a mere matter of administration. It is a fairly large matter of administration, but it is no more than that. To tell me that one capable man cannot do the job is an affront. The real test of the success of management of penitentiaries is not the superintendent, and never will be. He is miles, in most cases thousands of miles, from the real task. The real task is done by the wardens and deputy wardens and those under them in contact with the prisoners. If you get the right warden and deputy warden, and do not inflict them with humbugs for guards, you will get the best out of those men, and you will have a good penitentiary. All the commissions between here and the end of Christendom will be a failure if you have not a good warden and deputy warden.

If the Minister thinks that by a commission he will convert and renovate the condition of our penitentiary inmates into a sort of paradise, or even improve it by an iota, he is wrong. In fact, he is likely to get the very opposite result. He is going to have now a bureau instead of individual responsibility. I do not know of any place where a commission is less appropriate than where it is superimposed in lieu of a superintendent of penitentiaries.

I do not pretend to know more than anybody else on this subject, but I do know something. For about four or five years I was in charge of parole and visited the penitentiaries frequently; and I have had the more reason to study the subject because one of my brothers happened to be a warden.

And I repeat that the way to get better penitentiaries is to get better wardens and better deputies, and to see that the men they are given to help them are of the right type. That is the whole problem. There is nothing else to it. An excellent man might not be a good warden. The warden's task is about the last on earth I should want. He has to be firm, and he has to be considerate. He must possess a combination of qualities that are rare. I think the commission of three is not going to help a bit in getting better wardens.

As to General Ormond, I have known him all my mature life. He was brought up as a boy in the small city in which I practised law. His family were friends of mine, though certainly not political friends. I am proud of his record as a soldier. There would be very few men of whom Canada would have more reason to be proud than of General Ormond, in view of his services in France. I do not like the slightest sign of unfairness towards a returned soldier who, because of his standing and his record, deserves better. But I am afraid there are signs of unfairness. I regret very much to say this, for I have a high regard for Judge Archambault.

Hon. Mr. DANDURAND: The Minister of Justice has said just about the same thing.

Right Hon. Mr. MEIGHEN: I have to admit that this is another reason why I oppose the report. It is all right to say the Minister of Justice has spoken kindly of General Ormond. He has; he could not have spoken more kindly. But, following the dictates of a report which condemns the superintendent, the Minister abolishes General Ormond's office, establishes a commission in his place and leaves him to his fate. The Minister says: "I am not discussing General Ormond. I have not a word to say against him. I am not accepting the findings of the commission against him." I tell him he is accepting the report of the commission, which condemns the work of the superintendent, his character and his fitness. The Minister proposes to abolish the office and substitute a commission, and then he says, "I have a high opinion of General Ormond." If so, why does he kick him downstairs?

Hon. Mr. DANDURAND: Would my right honourable friend allow me to answer?

Right Hon. Mr. MEIGHEN: Yes.

Hon. Mr. DANDURAND: The Minister of Justice has had quite a number of years of experience in carrying the responsibility for the administration of penitentiaries from the Atlantic to the Pacific. I know little about the administration, but for three months, as Acting Minister of Justice, I looked through the reports from the penitentiaries as to convicts who were asking for tickets of leave. That has been my sole contact with the penitentiaries. However, the Minister of Justice says that from the experience he has gathered he feels that he

will be unable properly to discharge his duties if he is refused the collaboration of first-class administrators. The Minister stated to the House of Commons that he felt it was necessary to transfer responsibility for administration of the penitentiaries to a commission of three good and true men. It will perhaps be difficult to find three men who possess the requisite experience, character and administrative capacity, but the Minister has hopes that he will be successful in his quest. The Order in Council proclaiming the effective date of the measure will not be passed until the Minister is satisfied that he has three suitable commissioners.

Right Hon. Mr. MEIGHEN: The Minister of Justice states the reason he wants to abolish the superintendent's office is that he himself cannot do the whole job of administering justice without the assistance of a commission. My knowledge of the Minister of Justice—and it ought to be a fairly dependable knowledge, for I sat opposite him many years—and my appreciation of his ability compel me to decline to accept that explanation. I know he can manage his department perfectly well, no matter who is Superintendent of Penitentiaries, and especially when the superintendent is a man of whom he speaks so highly as he does of General Ormond. The Minister can take care of the department all right; I am not worried a bit about that. If he has wardens who are unfit for their posts and not doing their duty, let him get better wardens. In the wardens' posts is where he needs better men, not on a commission. If you have the right warden, the less you interfere with him and the less you "commission" over him, the better it will be. This Bill would not reduce the Minister's responsibility one iota; he would still be charged with the administration of our penitentiaries. He thinks he can go out on the highways and byways and get three men to take this load off his back. He will not; the load will remain there. The only way to improve the situation is to appoint better men to do the work that has to be done; not to establish a bureaucratic commission. I refuse to accept the plea that the Minister is not capable of performing his task. There is no doubt that he is capable.

I do not want it to be understood that I am placing the stamp of my uninformed approval, without reservation, upon General Ormond as Superintendent of Penitentiaries. I am not in a position to express an opinion on the subject. Critical representations have been made to me by persons in whom I have much confidence, but I know General Ormond as a man, and as one who has done things—and that in a very important and perilous period. I do not want to see him treated unfairly. In view of the fact that he could not possibly have had adequate means of establishing his own side of the case, or presenting what he would like to present in answer to allegations made against him, I cannot accept a report in which he is slapped on both sides of the face, kicked in the back, thrown out on the street, and left with only such rights as he may have in respect of a pension.

It may be that men can be found for this proposed commission. I do not know. I do not think it makes a tremendous amount of difference who they are, unless they are able to select for the work to be done under them better men than have been selected in the past. And, on the whole, I do not feel disposed to complain, as some people do, of the past selections. Taking them over the whole range of Canada, I think they have been pretty fair. With not a single one of those men—and I ask that this sentence be noted—had I the slightest thing in the world to do. Nobody in that service, within my knowledge, got his advance on anything except his own merits; every man stood on his own feet and never needed any help from me.

I am opposed to this measure. I do not think it was necessary to bring it down in these crowded and congested minutes at the end of the session, and I am going to vote against it.

Hon. GEORGE GORDON: Honourable members, I wonder if any other civilized country in the world ever created a commission which defamed officers of an institution on the strength of evidence given by convicts. I understand that this commission took evidence from more than 1,800 convicts. I could understand that being done in some country like Russia, where persons are imprisoned for political purposes, but to my mind the taking of evidence from 1,800 prisoners in Canada was ridiculous.

I have not read the whole of the report, but I understand the commission went to England and took further evidence there. I should like to inquire of the honourable leader of the Government (Hon. Mr. Dandurand) whether convicts were examined in England, and, if so, how many. I assume that if for the discovery of facts it was found necessary to receive testimony from convicts in Canada, the same procedure would be found

necessary in England. Yet I am under the impression that officials only were questioned in England. Am I right or wrong in that?

Hon. Mr. DANDURAND: I would suggest to my honourable friend that during the recess he do his duty as a member of Parliament, as I intend to do, and read that report. As I have not read it yet, I cannot answer my honourable friend. The Minister of Justice stated that he was not prepared to discuss the report, and therefore he did not ask members of the other House to pass judgment on it. He said he had read it, and, though he did not approve of all the conclusions, he acquiesced in the recommendation that a commission be appointed. He asked his colleagues to suspend their judgment on the report as a whole until next session, when it will come before Parliament in some form or other and be fully discussed.

The only part of the report which it is now sought to implement is that recommending the appointment of a commission to administer the penitentiaries. That is the single objective of the Bill before us. If the Senate decides that the measure is not opportune, it will so state. We have here an opportunity of transferring the administration of penitentiaries to a commission of three, it being understood, of course, that a certain responsibility must always devolve upon the Minister.

Hon. Mr. GORDON: After glancing over the report I have come to the conclusion that the commission took no evidence from prisoners in England. Considering the source of the evidence upon which the commissioners base their findings, I must express my surprise and regret that the Government has seen fit to take action on this report. It seems to me that the report is ridiculous and not worthy of consideration.

Hon. Mr. DANDURAND: I can answer my honourable friend's question by reading from page 4 of the commission's report:

> In addition to inspecting the prisons in the London Metropolitan Area, your commissioners examined other prisons and Borstal institutions in different parts of England. Nineteen institutions were visited, and, at each, conferences were held with the governors and members of their staffs.

Hon. Mr. GORDON: That is exactly what I said, that the commission examined officers only in England. If that procedure had been followed here, the report would have been different.

Hon. Mr. DANDURAND: I do not know. I have not read the report.

Hon. Mr. GORDON: The commission went over to England for a joy ride and took evidence of officers only. I have been in Parliament since 1908 and never heard of anything more ridiculous than this report. I am surprised that the Minister of Justice, whom I respect very much, would give any consideration at all to the commissioners' findings and recommendations. In my opinion it is disgraceful to ask us to pass a Bill like this in the dying hours of a session.

Hon. JAMES MURDOCK: Honourable senators, I know little about penitentiaries. I have never been confined in one. But it seems to me that as the honourable senator from Nipissing (Hon. Mr. Gordon) has said he is not fully informed as to the contents of the report, it is necessary to place some extracts from it on the record. My right honourable friend the leader opposite (Right Hon. Mr. Meighen) stated that what we are concerned with here is a mere matter of administration. I do not think anyone can disagree with that. It is a matter of the administration of our penitentiaries, which are housing persons convicted of having broken laws of the country. Then my right honourable friend suggested that better wardens should be got. I do not know about that. I did hear a member of the commission say that there was one good warden. It happens that that good warden's name is Meighen. He is at New Westminster, British Columbia.

Right Hon. Mr. MEIGHEN: What is the argument?

Hon. Mr. MURDOCK: My right honourable friend also stated that a commission of three members would not improve matters, and he expressed himself as being opposed to any unfair treatment. I am first, last, now and all the time in agreement with him on that. But let us look at this report to see if there has been any unfairness, having regard to the rights of human beings, whether they are for the time being incarcerated in a Canadian penitentiary or running the streets free like the rest of us. All of us, I believe, want to see fair treatment given. I do not know the distinguished General Ormond. I have never met him, nor had I heard anything about him until I read some of his own statements as recorded in this document. I had never heard a single word in disparagement of his ability, his character, his courage, his intentions as a citizen of Canada—

Hon. Mr. GORDON: And now you have got only the word of convicts.

Hon. Mr. MURDOCK: That is not so. If my honourable friend will possess his soul in patience for a few minutes I shall quote to him some words of General Ormond himself. Editorials have appeared recently in a number of our very fine newspapers deprecating some things that the report has said about General Ormond. I thought there was something in that point of view until I came across certain parts of this report. I presume that what I find here is accurate. It is stated that General Ormond answered questions that were asked. So I think it is right and proper for me to place on Hansard now a few extracts from the Report of the Royal Commission to investigate the Penal System of Canada. At the bottom of page 43 I find this, under the heading of "Staff":

Superintendent.

The office of Superintendent of Penitentiaries has been held by General D. M. Ormond since August 1, 1932. Prior to his appointment, he was District Officer Commanding Military District Number 13, performing the duties and holding the rank of colonel, with the honorary rank of brigadier-general. From February 3, 1920, to August 1, of the same year, he was Superintendent commanding "A" Division of the Royal Canadian Mounted Police. Prior to that appointment he had been on active service with the overseas forces during the Great War. He is a member of the Manitoba Bar, to which he was called in 1909.

When the Superintendent assumed office he introduced into the penitentiary system a more drastic policy of militaristic control than had prevailed during the previous administrations.

I cannot find fault with that. Probably it was necessary to do so.

The character of this policy has already been dealt with. The action taken to divest experienced wardens of authority, even in the most trivial and inconsequential matters, and to subject them to a minute direction in detail, and the profusive issue from day to day of new regulations and lengthy circulars, explaining, countermanding, and amending previous ones, soon threw the whole penitentiary system into a state of confusion. We regret to find that it has continued in the same state ever since.

The Superintendent, who was without experience, has since made no effort to call the wardens into consultation or to hold annual wardens' conferences, such as had been the custom under previous administrations. Within a year of his appointment, such friction developed that it resulted in the retirement of two of the three inspectors.

Early in 1934, the revised regulations, which had been hastily compiled and ill considered, were issued. The number of regulations was increased from 194 to 724; they were drafted without the assistance or advice of experienced officers, and, although only seven or eight copies were immediately available at even the largest penitentiaries, they were issued with peremptory instructions to put them into force. The result was that officers throughout the penitentiary service were required to enforce a voluminous, and in many cases obscure, code of rules governing their own conduct and the conduct of the prisoners, without even having had an opportunity to read them. As has been pointed out, when one warden asked that the enforcement of the new regulations be postponed, he was immediately threatened with dismissal.

In the interpretation of these regulations, the Superintendent has in many cases put an unduly severe construction upon them, and, in some instances, he has deliberately violated their terms, with consequent unwarranted hardship to the prisoners.

In Kingston Penitentiary, a number of prisoners were placed, on the direction of the Superintendent, in what was called "segregation." This did not amount to mere isolation of the prisoners from the rest of the population, but was, in fact, although not so called, a form of punishment. Many were not allowed normal employment, and were deprived of some of the ordinary penitentiary privileges. We can find no authority for this course in the penitentiary regulations, nor was the Superintendent able to justify it, to our satisfaction, in his evidence before the Commission. Many of these prisoners were kept in what might almost be termed solitary confinement (although not in punishment cells)—some for a period of over two years.

Regulations 66 and 67, which provide for what is called "Disassociation," are as follows:

"66. If at any time it appears to the Warden that it is necessary or desirable for the maintenance of good order or discipline, or in the interests of the convict, that he should not be employed in association, the Warden may arrange for him to work temporarily in a cell or other place, and not in association. The Warden may take action but shall report any such case to the Superintendent for approval and direction.

67. It shall be in the discretion of the Warden to arrange for such dissociated convicts to be again employed in association when he considers it desirable, and he shall in any case so arrange at the expiration of one month from the commencement of the period of dissociated employment, unless further authority is given from month to month by the Superintendent."

The object of these regulations is to remove from the penitentiary population prisoners who may be agitators, or of an incorrigible type, and a disturbing element to the maintenance of discipline in the institution. We quite recognize the necessity of these regulations, but regulation 67 is important, and it is necessary that it should be observed. In the cases above referred to, this regulation was not observed, and the prisoners were kept segregated for long periods without any steps being taken to obtain the necessary authority.

The Superintendent contended before the Commission that these regulations did not apply to the prisoners in question, and maintained that the object of these regulations was to permit the wardens to give solitary confinement without a trial. We do not agree that this is a correct interpretation, and, if it is, we are of the opinion that such drastic power ought not to be in the hands of the wardens, because it is contrary both to the spirit and the letter of regulations otherwise dealt with in this report.

The Superintendent submitted to the Commission that the manner of dealing with these prisoners was covered by the power vested in the classification boards. The fact is that the Superintendent did not leave the matter to the classification boards, but overrode them and the regulations in regard thereto by issuing orders that certain prisoners should be placed in "permanent segregation," and that others should be "indefinitely segregated." The matter was taken out of the hands of the classification boards, and they were given no opportunity to review the cases of these prisoners, or to consider when they should be removed from the so-called "segregation" and restored to the ordinary penitentiary population.

The expressions contained in correspondence affecting many of these prisoners indicate an unduly vindictive attitude of mind. In one letter, addressed to a warden, the Superintendent used the following language:

"Undoubtedly you will receive many complaints from these convicts wishing to know why they should be placed in the east cell block. It is not necessary for you to give them any information. If any information is given nothing more is necessary than to say that that is a part of the penitentiary in which it has been decided to confine them."

In regard to these prisoners, the Superintendent was asked whether the classification board should not meet regularly to consider these men and determine whether or not they should be kept in segregation. He agreed that it should be done, but that it had not been done to his knowledge. The direction to keep prisoners in permanent segregation does not indicate that he expected such a course to be taken. The Superintendent did not, from the year 1935 to September, 1937, visit the part of Kingston Penitentiary where these prisoners were confined. In our opinion, this shows a callous attitude and a clear neglect of duty.

The regulations governing the trial and punishment of prison offences were drawn up by the Superintendent, and were the object of a detailed brochure of instructions. Regulation 162 is as follows:

"162. A convict shall not be punished until he has had an opportunity of hearing the charge and evidence against him and of making his defence."

Notwithstanding the explicit provision of these regulations, we found it gravely violated, under the direct authority of the Superintendent, in a serious case involving corporal punishment at Kingston Penitentiary.

The warden had tried one Price, a prisoner, on a charge of "attempting to incite trouble," and had found him guilty of two other offences mentioned in the regulations but not included in the description of the offence in the charge. He was sentenced to be flogged with 20 strokes of the leather strap. The warden reported the matter fully, as he was required to do, and forwarded a copy of the evidence to the Superintendent for confirmation of the sentence before it was executed.

We have perused the evidence and, in our opinion, it was not such as would have supported a conviction in a court of appeal, even for the offences of which, although he was not charged with these offences, the prisoner was found guilty. Notwithstanding this, the Superintendent, in a long letter to the warden, reviewed the evidence in detail, the manner in which it had been given, and suggested the form of answers the guards should have given. He pointed out that the offences for which the prisoner had been found guilty were not covered by the charge. Notwithstanding this, his letter states:

"A perusal of the evidence would appear to indicate that Price was guilty of the following, under Regulation 165,"

and sets out four separate offences. This was followed by the following statement:

"Copy of the evidence is returned herewith, and would appear to support the charges as redrawn."

The letter concludes:

"It is considered that Price has been sufficiently put on his trial under the charges as now re-drawn, and that he is guilty of gross misconduct requiring to be suppressed by extraordinary means. Your award of:

(1) Twenty strokes of the leather strap, ten (10) strokes to be administered immediately, and ten (10) strokes suspended, under the provisions of Regulation 231; and

(2) Twenty-one (21) days No. 2 diet; is approved.

It is presumed that this convict will be kept segregated indefinitely."

Hon. Mr. TANNER: Could the honourable gentleman not put the whole report on Hansard instead of reading it?

Hon. Mr. MURDOCK: No. I am just coming to the interesting part. I am going to read the remainder of the extract.

Hon. Mr. BALLANTYNE: Is it very long?

Hon. Mr. MURDOCK: It is not too long. We have had considerable discussion about General Ormond and what he did or did not do. Let us see what he himself said. That is what I am coming to now.

Hon. Mr. TANNER: I would remind the honourable gentleman that the question before the House is whether we are to have the penitentiaries administered by a commission instead of by a superintendent. That is the only thing we are discussing.

Hon. Mr. MURDOCK: There is a great deal more than that.

Hon. Mr. BALLANTYNE: As we are anxious to dispose of this Bill one way or the other, I hope my honourable friend will accept the suggestion to put the remainder of the report on Hansard as though it had been read.

Hon. Mr. MURDOCK: If I have permission to put the remainder of the report on Hansard, I am content. I wish to treat as read the portion from page 47 to the end of page 51.

Hon. Mr. BALLANTYNE: All right.

Hon. Mr. MURDOCK: I think if honourable members will take the trouble to read Hansard to-morrow they will find that Gen-

eral Ormond was convicted out of his own mouth as being totally unfitted for the position he occupies. In saying this I am making no reflection on the gentleman personally. I have never had the honour of meeting him, but I understand he is a man of the highest reputation.

When the Superintendent appeared before your Commission, he was asked to explain the course taken in this matter. The following are relevant extracts from the evidence:

"Q. Now General, how do you expect the wardens to carry out the instructions contained in the brochures or lectures or anything else, when the Superintendent convicts a man and authorizes his punishment on charges upon which he has never been tried?

A. I see your point in that.

Q. It is not a question of seeing the point. Can you expect the wardens to deal with things regularly in the face of that? What was your justification for authorizing punishment for a man on a charge he had never been tried on?

A. With that letter as it stands, obviously your point of view is correct.

* * * * *

Q. Frankly, I expected another answer than that, General. Do you realize the seriousness of this matter? Here is a man who is found guilty on what I think might be termed an indictment. You write a letter to the warden telling him that that is not the way the man should have been tried, and you find him guilty on something else, on a more serious charge?

A. I agree.

Q. And then you agree with the judgment that corporal punishment should be inflicted?

A. Yes, sir. The only explanation I have to offer is that the words used in the paragraph which says what you say it says—I admit the letter as it stands is wrong in every way."

Regulation 162 has the force of law. Your Commissioners cannot come to any other conclusion than that this prisoner was illegally flogged at the direction of the Superintendent, whose duty it was to review the findings of the warden but who had no legal right to substitute the new charge and to pass a finding on that charge without giving the prisoner an opportunity to defend himself. It is an elementary principle in the administration of criminal justice, which has prevailed in British countries for centuries, that no person shall be found guilty or punished for an offence without being properly charged and convicted at a trial where he has had an opportunity of hearing the charge and presenting a defence.

The same prisoner involved in this incident had previously complained to the Superintendent, on an occasion of his visit to Kingston Penitentiary that he had been badly manhandled by a guard. Notes on file, made by the Superintendent at the time, are:

"Case investigated. This man 'faker,' was perhaps badly handled by guard—but not hurt.

D.M.O."

There is no suggestion that the guard was ever reprimanded for badly manhandling the prisoner, and the investigation apparently closed without further consideration of the matter.

This is the same prisoner who was shot during the disturbance in 1932. His case is fully dealt with in Chapter VII of this report. He is a young man who has several times been convicted for crime and, for the purpose of this report, may be assumed to be an incorrigible offender, but, nevertheless, there is no place in our administration of justice for the treatment he has received at the hands of the prison authorities. He was shot without legal justification, flogged illegally on charges on which he had never been tried, assaulted by a guard, and kept indefinitely in segregation. All these matters came directly to the attention of the Superintendent, and he was directly responsible for the irregularity of the flogging and indefinite segregation. He failed to treat the other matters with the justice appropriate to his important position.

In the opinion of your Commissioners, it is incumbent on those engaged in the administration of justice to see that its officers are ever vigilant in obeying the law. No place is this vigilance more necessary than in the administration of a prison system. Prison officials must necessarily be vested with great authority, and this authority must always be exercised with wisdom and restraint. Its unlawful use can never be tolerated. Prisoners are as much entitled to the protection of the law as any other members of society. Our system of administration of law depends on public respect for those who administer it. Wanton and unlawful acts by prison officials toward prisoners are degrading, and bring the law into disrepute. They also tend to develop violent and incorrigible prisoners.

The Superintendent has been required by the provisions of the Penitentiary Act to make an annual report to the Minister of Justice.

"The Superintendent shall make an annual report to the Minister on or before the first day of September in each year, which shall contain a full and accurate statement of the state, condition and management of the penitentiaries under his control and supervision for the preceding fiscal year, together with such suggestions for the improvement of the same as he may deem necessary or expedient, accompanied by such reports of the officers of the penitentiaries and financial and statistical statements and tables as he deems useful or as the Minister directs."

This report is printed, and laid before both Houses of Parliament. It is circulated widely. Your Commissioners regret to find that many of these reports have been gravely misleading in important matters affecting penitentiary management. Recent reports have been so drawn as to indicate that prisoners are effectively classified, that a complete system of training of young offenders, comparable to the Borstal system in England, is in effect in the penitentiaries, that the prisoners receive competent vocational training, and that a comprehensive system of education is in effect. The annual report of 1935 states:

"During the first month that a convict is in a penitentiary, he is classified, his educational standing being one of the principal points ascertained from the examination held and tests applied."

The annual report of 1936 states:

"The Classification Board in each penitentiary has been functioning satisfactorily.

Following the policy advocated for many years, the actual segregation of convicts under twenty-one years of age was brought into effect. This segregation included all "A" Class convicts and "C" Class convicts under twenty-one years of age."

The report of 1935 contains an elaborate report of the Superintendent on his study of the "Borstal System" of England, and a statement of the arrangements presently being put into effect in regard to the treatment of young offenders. The report states:

"The type and nature of treatment for young convicts will follow as closely as possible that presently existing in the Borstal institution of England."

In reference to the officers to be in charge of young prisoners, the following statement is made:

"Each supervisor will be called upon to have an intimate knowledge of the history, character, disposition and capabilities of approximately thirty young convicts.

It will also be necessary for him to carry on correspondence with their relatives and other persons who may be in a position to give useful information considered to be essential in the treatment to be applied to each individual."

In the report of March 31, 1936, the segregation of the young prisoners is detailed, and the following statement is made:

"This segregation has necessitated the detailing of specially selected officers to supervise the young convicts, this being one of the reasons for the retention of officers in excess of the minimum authorized establishments."

In the report of 1937, the following statement is made:

"The segregation of young convicts is now accepted by the penitentiary staffs as an ordinary and routine practice, the results of which are reported to be beneficial."

As indicated in our report, such statements as these are entirely misleading in form and substance, and convey erroneous impressions to the public in respect to the treatment of young prisoners.

The report of 1935 contains the following statement:

"Vocational training is carried on throughout the whole year, and includes agriculture, carpentry, metal-work, motor mechanics, plumbing, painting, plastering, and all kindred building trades, tailoring, shoemaking, laundry work, cooking, catering, steam power plant management, water supply and sewage disposal. Vocational training is augmented by well equipped libraries for extensive research work, advanced and intensive studies."

In the opinion of your Commissioners, it was unfair to the Minister and to the public, and unjust to those who might be sentenced to serve terms in the penitentiaries, that the Superintendent should so describe the work carried on in the shops of Canadian penitentiaries.

In the report of 1935 the Superintendent states:

"Changes and expansions have been made from time to time until to-day each penitentiary has a program which covers every subject taught in the public schools, plus correspondence courses. Extra-mural university courses have been arranged in three penitentiaries . . . .

Students following correspondence and extra-mural university courses are guided and aided in their studies outside of the hours that they are employed in the shops or at other work."

In the report of 1937, under the heading of individual penitentiaries it is stated that "the school functioned in accordance with the regulations and instructions." A cursory inspection of the institutions and a perusal of wardens' reports show conclusively that this is not a correct statement. (See Chapter VIII for details.)

In January, 1936, in the case of Rex vs. Carter and Goodwin, the members of the Court of Appeal of the Province of Alberta had some doubts as to whether young prisoners in the Saskatchewan Penitentiary were afforded an opportunity of learning a trade, and, as a result, a telegram was sent to the warden, requesting information as to whether these young men would be enabled to learn a trade if they were to be confined in that penitentiary. The warden telegraphed to the Superintendent, quoting the telegram from the Court of Appeal, and the Superintendent wired directly to the Assistant Deputy Attorney General of Alberta as follows:

"Re Appeal Court cases William Carter and Harold Goodwin stop Convicts under twenty-one years completely segregated in separate corridor with separate exercise yard stop Youths employed manual labour not less than six months after which assigned to agriculture construction building trade or shop depending upon capability and conduct stop Institution not overcrowded."

On receipt of this telegram, the Court of Appeal confirmed sentence of two years' imprisonment in the penitentiary. Your Commissioners do not believe that the above telegram correctly answered the inquiry of the Court of Appeal. It is quite apparent that, under conditions as they are at the present time in the Saskatchewan Penitentiary, young prisoners are not given an opportunity to learn any trade whatever. They have the opportunity of taking part in any construction work that happens to be in progress, but they are not assigned to shops and the instruction they receive in particular trades is practically negligible. Your Commissioners consider that the telegram to the Assistant Deputy Attorney General is seriously misleading.

It has not been uncommon to read in the press that judges and magistrates, in sending young prisoners to penitentiary, have declared that they are sending them "where they will learn a trade." The gravity of publishing reports that mislead the public in this manner requires no further comment.

The evidence of the Superintendent before the Commission occupied eight days. He was given every opportunity to go into all phases of prison administration, and has since supplied the Commission with voluminous memoranda on matters discussed during his evidence and concerning which he was of the opinion that further information ought to be supplied. We have had ample opportunity to discuss with him the many matters drawn to our attention affecting his administration of the penitentiaries, and to consider his knowledge of penology, his disciplinary methods, his personality, and his general fitness for the office he holds. His evidence before your Commission was not satisfactory. It was characterized by long, irrelevant, and often evasive answers to simple questions.

He has displayed an irritating manner of exercising authority which, we are convinced, has been reflected, not only in the discipline of the penitentiary staff, but in that of the inmates, and, in our opinion, this was one of the major contributing causes of the sixteen riots or disturbances which have taken place since the Superintendent assumed office.

The Superintendent's particular part in the unsatisfactory aspects of the administration of the penitentiaries is referred to in detail throughout this report. His record since he took office has not been a success. He has displayed great diligence in exhaustive attention to a multitude of details, but he has, in the opinion of your Commissioners, failed to grasp fundamental principles so essential in the performance of the important executive duties connected with the office of Superintendent. He has completely lost the confidence of the staffs of all the penitentiaries and, without this, no administration can succeed. Your Commissioners are of the opinion that it is necessary to the good management of the penitentiary service that the Superintendent should immediately be retired, and they recommend accordingly.

Hon. Mr. DANDURAND: I move second reading of the Bill.

Hon. Mr. GORDON: Will my honourable friend answer the question I put to him? When the commission went over to England it examined certain officials of the British penal institutions. Why did it not take the evidence also of convicts? I may say to my honourable friend that I have read that part of the report in which the commission deals with the evidence it obtained from the convicts in our penitentiaries.

Hon. Mr. MURDOCK: Then I do not think my honourable friend can show that the commission examined 1,800 convicts. Obviously he is mistaken. It would be foolish for a Canadian commission to interview convicts in the British penitentiaries. In order to find out anything about the handling of convicts in those institutions it would naturally seek information from the officials over there.

Hon. Mr. GORDON: Why did it not do that here?

Hon. Mr. MURDOCK: It did in every case, as my honourable friend will find if he reads the record.

The Hon. the SPEAKER: The question is on second reading of Bill 175, an Act respecting Penitentiaries. Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. SENATORS: No.

Hon. Mr. DANDURAND: Carried.

Some Hon. SENATORS: No.

Right Hon. Mr. MEIGHEN: I am satisfied, so far as I am concerned, to be recorded against the Bill. If, however, honourable senators wish to have a division, I am quite agreeable to that, and shall vote against the Bill.

Hon. Mr. DANDURAND: I move the House into Committee of the Whole.

CONSIDERED IN COMMITTEE

The Senate went into Committee on the Bill.

Hon. Mr. Coté in the Chair.

Section 2 was agreed to.

On section 3—Minister to have control:

Right Hon. Mr. MEIGHEN: Again I wish to protest against endeavouring to go through this Bill in committee. Look at the size of it! Here is a Bill of twenty-seven pages, which we are expected to deal with clause by clause. I protest against attempting to do so within a few hours, maybe a few minutes, of prorogation. It is just a fiasco.

Hon. Mr. DANDURAND: Will my right honourable friend allow me?

Right Hon. Mr. MEIGHEN: Certainly.

Hon. Mr. DANDURAND: I am informed that most of the sections are consequential amendments, based upon the fact that the superintendent is to be replaced by a commission.

Right Hon. Mr. MEIGHEN: Why go into committee on the Bill, then?

Hon. Mr. DANDURAND: All right. I move that we accept the Bill and report it.

Hon. Mr. GORDON: To the convicts.

Hon. Mr. McRAE: I move in amendment that the committee rise and report progress.

Hon. Mr. DANDURAND: No. We have agreed to the motion for second reading.

Hon. Mr. McRAE: No. His Honour the Speaker did not make a ruling. We would have had a vote then had we been given the opportunity.

Hon. Mr. DANDURAND: If my honourable friend desires to register his vote, we can report the Bill and proceed to third reading. Then he may move the six months' hoist.

Hon. Mr. McRAE: Mr. Chairman, I take the position that we did not properly pass the second reading. To my way of thinking, the noes were in a majority, but His Honour the Speaker did not make a ruling.

Hon. Mr. DANDURAND: We must take the situation as it is. We are in Committee.

Hon. Mr. McRAE: I do not think we are properly in Committee.

Hon. Mr. DANDURAND: My honourable friend is too late. The motion to refer the Bill was carried; so we are properly in Committee of the Whole.

Hon. Mr. McRAE: I do not think I was too late; I think probably the honourable gentleman was too quick. So far as I could see, we were ready for a vote, and we did vote, but there was no ruling given by His Honour the Speaker.

Hon. Mr. DANDURAND: I cannot be responsible for the procedure of His Honour. He is master of his decisions. He took it for granted the motion for second reading had been adopted. My right honourable friend (Right Hon. Mr. Meighen) said, "I want to register my decision," and he declared himself against the motion. Nobody else rose.

Hon. Mr. McRAE: There was no need to rise. There was considerable dissent, and we were waiting for His Honour's decision when immediately we proceeded into Committee of the Whole.

Right Hon. Mr. MEIGHEN: I suggest that it will be quite satisfactory, after the explanation of the honourable senator from Vancouver (Hon. Mr. McRae), to report the Bill out of committee and proceed with the motion for third reading. It is quite clear he did intend to vote against the second reading. I was not particular myself whether the vote was taken or not.

Hon. Mr. GILLIS: Would it not be in order for the Committee to rise and report progress?

Right Hon. Mr. MEIGHEN: But we cannot go to third reading until the Committee reports the Bill.

Hon. Mr. GILLIS: But if the Committee decides simply to report progress, then the Bill is killed.

Right Hon. Mr. MEIGHEN: That can be done too, but I was going to accept the suggestion of the honourable leader of the Government. I do not care which course is followed.

The CHAIRMAN: It is moved that the Bill be reported without amendment. Is the motion carried?

Some Hon. SENATORS: No.

Hon. Mr. DANDURAND: Carried! Then we shall proceed to third reading.

Right Hon. Mr. MEIGHEN: In that way, on the motion for third reading, you will get a recorded vote; you will not be in Committee.

The Bill was reported.

MOTION FOR THIRD READING NEGATIVED

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

The motion was negatived on the following division:

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Gordon	(Victoria-Carleton)
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Hon. Mr. MARSHALL: I was paired with the honourable senator from Red Deer (Hon. Mr. Michener). Had I voted, I should have voted for the motion.

Hon. Mr. SINCLAIR: I was paired with the honourable senator from New Glasgow (Hon. Mr. Cantley). Had I voted, I should have voted for the motion.

Hon. Mr. BUCHANAN: I was paired with the honourable senator from Victoria (Hon. Mr. Barnard). Had I voted, I should have voted for the motion.

Hon. Mr. LACASSE: Honourable senators, I was paired with the honourable senator from Digby-Clare (Hon. Mr. Robicheau). Had I voted, I should have voted for the motion.

Hon. Mr. GREEN: I was paired with the honourable senator from Kootenay East (Hon. Mr. King). Had I voted, I should have voted against the motion.

CANADA'S RAILWAY PROBLEM

REPORT OF SPECIAL COMMITTEE

Right Hon. GEORGE P. GRAHAM presented the report of the special committee appointed to inquire into and report upon the best means of relieving the country from its extremely serious railway condition and financial burden consequent thereto, and moved concurrence in the report.

Hon. C. P. BEAUBIEN: Honourable senators, I think the report of this committee should be accompanied by a few words of explanation. It is a unanimous report—at all events, it is supposed to be—and for that unanimity I am sure a great many honourable members of the committee are deeply thankful. It would have been regrettable indeed if, on a question of such importance, one which has attracted so much attention throughout the country, the House had been divided, particularly if the division had been on party lines. Happily that has been avoided.

The committee has done excellent work. Nobody, I think, will deny that. It worked assiduously, and I think the result of its labours will be of great value to this House, to Parliament and to the country. Certain things have, I think, been proven beyond contradiction. For instance, when this subject was introduced in this House there was some controversy as to what the Canadian National was costing the country every year. That cannot now be contested. The statistics filed in the records of the committee show conclusively that the country is losing every year between $95,000,000 and $100,000,000, half of this amount being interest on money invested, and the other half fresh money.

Hon. Mr. DANDURAND: I would suggest to my honourable friend, our labours not being terminated, that he should invade as little as possible the confines of the record.

Hon. Mr. BEAUBIEN: I certainly did not intend to proceed very far in that way, but I wanted to show the usefulness of what has been done. Perhaps my honourable friend will allow me to say that doubtless every member of the committee is now convinced that very large economies can be effected if unification of administration is accomplished. I think also—

Hon. Mr. MURDOCK: I earnestly protest against this.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. MURDOCK: I do not think any senator has been more steadily on the job than I have been. I left here to go to lunch at one o'clock, and I attended a funeral at 2.30. I have been around expecting a meeting of this committee, and—by whose orders I do not know—the committee meeting was rushed along and I was not notified. I am not finding fault; I am not objecting to what has been decided upon; but when my honourable friend who started this discussion (Hon. Mr. Beaubien) launches out into a further discussion and argument as to what is in my mind or in the mind of any other honourable senator who was on the committee, I do object. I think we should adopt the report and let well enough alone. If there is going to be argument on this matter I shall expect to be allowed to go into it as fully as anyone.

Hon. Mr. McRAE: Adopt the report.

Some Hon. SENATORS: Carried.

Hon. Mr. BEAUBIEN: It is quite evident that under these circumstances it will be very difficult for me to convey certain general information that I was going to give, and to make a point I had intended to make. I am sorry that we could not convince the committee, or perhaps the Government—

Hon. Mr. DANDURAND: I draw the attention of my honourable friend to the fact that he has signed the report to the Senate—

Hon. Mr. BEAUBIEN: That is true.

Hon. Mr. DANDURAND: —as joint chairman—

Hon. Mr. BEAUBIEN: That is true.

Hon. Mr. DANDURAND: —and that it was unanimously adopted, on the assumption that the honourable senator from Parkdale (Hon. Mr. Murdock) would accept it as submitted. That being so, the report contains all that we intended to bring to the Senate. If we are to enter into a discussion of what might have been contained in the report, but is not, we may be undertaking a very delicate task, and I would suggest that my honourable friend (Hon. Mr. Beaubien) forego any further criticism.

Hon. Mr. BEAUBIEN: Could I do this without touching the report? Could I ask my honourable friend the leader of the Government (Hon. Mr. Dandurand), outside of the report entirely, to try to prevail upon the Government—

Hon. Mr. DANDURAND: No, no. I will not allow my honourable friend to charge me with any mandate. The mandate is in the report.

Right Hon. Mr. MEIGHEN: My honourable friend is not right. The report was agreed to by everybody, but my honourable friend the joint chairman (Hon. Mr. Beaubien), in my hearing and in the hearing of others, stated that he reserved the right to say what he is proposing to say now, and I repeated it to the honourable member who was right beside me—I forget who it was. This is not at all in conflict with the report. We could have made a minority report, or whatever else you might call it, because what was suggested involves an expenditure which the Government did not feel like making. It is only right, therefore, that the honourable gentleman (Hon. Mr. Beaubien) should have the privilege of stating to the House something which is not a dissent from the report at all. We shall be absolutely loyal to the report. Thus we shall be acting consistently with it in every way. In face of the statement of the honourable leader of the Government (Hon. Mr. Dandurand) we could not recommend in our report that this work be done; and I said so at the meeting of the committee. But we have a right to say to the House that we should like the Government to take upon itself the responsibility of having the work done. It could not be done unless the Government assumed that responsibility. I think that is all that my honourable friend (Hon. Mr. Beaubien) wished to say.

Hon. Mr. BEAUBIEN: That is all.

Right Hon. Mr. MEIGHEN: We ought not to discuss the merits of any possible solution of the problem, and the interruption by the leader of the Government for the purpose of intimating that was quite proper. We have agreed to a report, and we are standing by it. But we felt—I will express it, if my honourable friend from Montarville wishes me to—that we were not competent to weigh the conflicting evidence presented by two sets of witnesses. As honourable members know, the two railways unfortunately expressed opposing views. We thought, therefore, that the Government should employ a firm of engineers and accountants to analyse the facts gathered by our committee and report what they think could be done; and if they conclude that certain savings are possible we should like them to specify how these would be arrived at, just what reductions in service would be necessary, if any, and so on. We could not go any further, because the matter is entirely one for the Government. I do not suggest that the cost of such work would be trivial; on the contrary, I admit it would likely be considerable.

In any event, the committee could not have made any other report than it did make. After all the time and work spent on our study of the problem, it would have been folly to attempt to deal with any merits in the case unless we could deal with them in an adequate, complete and illuminating manner for the advantage of the country in particular and of the Government too, in some measure; and this we were unable to do. There was no alternative to putting further study over until next session. But it seemed to us that in the interim an authoritative finding might be made as to just what savings, if any, are possible, and through what means they are possible.

Hon. Mr. MURDOCK: May I ask my right honourable friend whom he means by "we"?

Right Hon. Mr. MEIGHEN: I refer only to the honourable senator from Montarville (Hon. Mr. Beaubien) and myself, though possibly I have represented the views of others too.

Hon. Mr. MURDOCK: The question in my mind was whether other members of the committee would concur in those views.

Right Hon. Mr. MEIGHEN: Anyone can express what he wishes.

Hon. Mr. MURDOCK: But surely he cannot express his thoughts as the apparent viewpoint of the committee.

Right Hon. Mr. MEIGHEN: No.

Hon. Mr. BEAUBIEN: I did not do that.

Right Hon. Mr. MEIGHEN: We could not recommend to the Senate that a firm of accountants and engineers be employed, because the Senate cannot authorize expenditures, but we did desire to ask the leader of the House (Hon. Mr. Dandurand) if he would request the Government to take the responsibility of having a complete analysis made of the facts gathered by our committee.

Hon. Mr. DANDURAND: May I be permitted—

Hon. Mr. BEAUBIEN: I have just a few words to add.

Hon. Mr. MURDOCK: Shall I have permission to follow with a few remarks?

Hon. Mr. BEAUBIEN: The right honourable leader on this side of the House (Right Hon. Mr. Meighen) has expressed my view, and very much better than I could have done myself. I want to add just a few words. We have gathered a lot of evidence and have recommended that the committee's

work should be resumed next session. My purpose was to seek some means of having all the facts that we gathered weighed by specialists during the recess, and a report made by them to us as to the value of various parts of the evidence. The committee has not the special knowledge to enable it to weigh the evidence as it should be weighed. If my prayer to the Government were answered the committee's task would be enormously helped next session.

Hon. Mr. MURDOCK: Honourable members—

Hon. Mr. DANDURAND: Would my honourable friend allow me? I desire to say that we cannot be certain as to what decision may be made by the committee next session, if it is reappointed.

Right Hon. Mr. MEIGHEN: Quite right.

Hon. Mr. DANDURAND: The committee may decide that certain parts of the evidence should be tested by outside engineers and accountants. But in that event the committee would have to lay down some general lines along which the specialists should work. It is expected that Parliament will prorogue before midnight. This railway matter is so involved that I have serious doubts as to the possibility of our framing, in the short time now at our disposal, a basis upon which examination by experts should proceed. Besides, though the committee took considerable evidence, it may be found necessary to supplement this next session. These are reasons why I feel we should abstain from suggesting to the Government at this stage the appointment of outside engineers and accountants to continue the work started by our committee—for that is what the suggestion would mean. I think it is necessary that we should pursue our study of the railway problem next session, in order to do justice to ourselves and the Senate as a whole, and I hope the committee will be reappointed.

Hon. JAMES MURDOCK: Again I express sincere regret that I was not informed of the last meeting of this special committee, although it is fair to say I knew that a meeting would be hurriedly called. I was not present. In view of what has been said, I think it is only fair to place on record what it is we are talking about now. When this investigation started we heard from our honourable friend from Montarville (Hon. Mr. Beaubien)—

Hon. Mr. DANDURAND: I hope my honourable friend will refrain from going very deeply into an examination of the question now; that he will limit himself to what we have been discussing.

Hon. Mr. MURDOCK: I will try to do that. We heard that unification was inevitable. And the first witness who came before the committee undertook to prove that it was inevitable—

Hon. Mr. BEAUBIEN: I appeal to His Honour the Speaker. All honourable members of this House must be treated alike. My honourable friend was kind enough to call me to order, and since I was consequently prevented from discussing evidence brought before the committee, I hope he will be good enough to abide by the same ruling.

Hon. Mr. MURDOCK: I will do that. My honourable friend has made the suggestion that we recommend to the Government that during the recess a company of experts be employed to inquire into the whole situation.

Hon. Mr. BEAUBIEN: No.

Hon. Mr. MURDOCK: Whence emanated that proposal?

Right Hon. Mr. MEIGHEN: That never emanated anywhere.

Hon. Mr. MURDOCK: That is what my honourable friend said.

Hon. Mr. BEAUBIEN: No.

Hon. Mr. MURDOCK: I think the record will show that my honourable friend suggested we should ask the Government to employ a firm of accountants and engineers to inquire into and make an analysis of the situation of both railways. Is that fair?

Hon. Mr. CALDER: Will my honourable friend allow me? The suggestion first came from Sir Edward Beatty—

Hon. Mr. MURDOCK: That is what I was going to say, and I am glad you said it.

Hon. Mr. CALDER: Here was the situation facing us. We had two sets of evidence, and there was a conflict between them.

Hon. Mr. MURDOCK: That is all I was trying to say. The suggestion came as an afterthought from Sir Edward Beatty the last time he was before the committee. I wanted the record to show where that suggestion came from.

Hon. Mr. BEAUBIEN: I cannot speak of the record, but I can speak of what is in my own mind, and that is why I made that suggestion and requested the Government to act upon it.

Hon. Mr. CALDER: I quite realize the situation as it is seen by the honourable leader of the Government (Hon. Mr. Dandurand). When Sir Edward Beatty first made the suggestion that has been referred to, the honourable gentleman from Moncton (Hon. Mr. Robinson) followed it up a bit, and it seemed to me that the idea was a good one. The committee had got to the point where it had two sets of evidence that did not agree, and the suggestion was that a firm of engineers and accountants should be appointed for the sole purpose of deducing some substantial facts out of that evidence. I quite understand that it would never do for the Government to appoint a commission to continue during the recess the task our committee had undertaken, because if that were done it would mean the expenditure of an enormous sum of money, and the job would never be ended. But I do urge that if our committee is reappointed next session it should meet early, review the situation and determine exactly the points upon which it wants to get facts, if necessary appointing engineers and accountants to help in that work.

Hon. Mr. McRAE: Honourable senators, I am sure that an analysis of the evidence given before the Senate committee would be very helpful, not only to this Chamber, but to the people throughout the country, who are very much interested. The circulation of the record of proceedings of our committee has been fairly general. I rise to suggest to the honourable leader of the House (Hon. Mr. Dandurand) that after prorogation our Senate staff should prepare a cross-index of the evidence, as a ready reference to the various subjects dealt with, and that a copy be sent to all of us and every other person who has received a copy of the proceedings.

Hon. Mr. CALDER: Hear, hear.

Hon. Mr. COPP: To whom would that index be sent?

Hon. Mr. McRAE: To every member of the Senate and everyone else who has received a copy of the proceedings.

Hon. Mr. COPP: Does the honourable gentleman mean to members of the committee only or to all members of the Senate?

Hon. Mr. McRAE: To all members of the Senate.

The motion for adoption of the committee's report was agreed to.

The Senate adjourned during pleasure.

The sitting was resumed.

Hon. Mr. DANDURAND: Honourable senators, I am informed we shall be at the end of our labours when we receive the Supply Bill from the Commons. It is not expected before 10 o'clock to-night.

I draw the attention of His Honour the Speaker to the fact that it is now 6 o'clock. It should be understood that we shall not resume before 10 o'clock to-night.

Hon. Mr. CALDER: When the bell rings.

Hon. Mr. DANDURAND: Yes.

At six o'clock the Senate took recess.

The Senate resumed at 10 p.m.

PROROGATION

Hon. Mr. DANDURAND: Honourable senators, I am informed there is a possibility of prorogation before midnight. I therefore move that the Senate adjourn during pleasure, to meet at the call of the bell, probably at half past eleven.

The Senate adjourned during pleasure.

The sitting was resumed at 11.55 p.m.

Hon. Mr. DANDURAND: Honourable senators, I was in hopes that we might have the visit of His Excellency this evening, even after midnight, but I have just been informed that prorogation must be postponed until to-morrow. I therefore move that when the Senate adjourns this evening it do stand adjourned until to-morrow at 12 o'clock noon.

The motion was agreed to.

The Senate adjourned until to-morrow at 12 o'clock noon.

THE SENATE

Friday, July 1, 1938.

The Senate met at 12 noon, the Speaker in the Chair.

Prayers and routine proceedings.

PROROGATION

The Hon. the SPEAKER informed the Senate that he had received a communication from the Secretary to the Governor General acquainting him that the Honourable Lawrence Arthur Cannon, acting as the Deputy of the Governor General, would proceed to the Senate Chamber at one o'clock for the purpose of proroguing the session of Parliament.

BUSINESS OF THE SENATE

Hon. RAOUL DANDURAND: As honourable senators will have noted, we may expect the visit of His Honour the Deputy Governor at one o'clock. This would imply that during the interim between now and then the Supply Bill will reach us. So perhaps we should now adjourn during pleasure, to be recalled by the sound of the bell as soon as the Supply Bill is in the hands of our Clerk.

But before we adjourn I should like to mention an incident which occurred last evening when the Penitentiary Bill was before us for second reading. I do so because some of my honourable colleagues may think I was somewhat hasty in asking that the Bill be referred to Committee of the Whole. When the motion was put, I was of course aware of the stand taken by my right honourable friend (Right Hon. Mr. Meighen), but a senator who sits not far from him had told me that no vote would be called. To my remark that the right honourable gentleman had clearly intimated what his stand would be, the reply had been, "Yes, he has expressed his views, but I do not believe a vote will be called." So, with that information, I was hastening the proceedings in order that we might dispose of the Bill, which was quite a voluminous one to go through clause by clause. Probably my informant had not attended caucus and did not know the opinion of his colleagues.

An Hon. SENATOR: Order.

Hon. Mr. DANDURAND: I may say that I have reproached some honourable senators who sit opposite with the fact that they had not called me to caucus. I desire now to give this pledge, that I intend, whenever I call the liberal-minded senators to caucus, to invite the old Liberal-Conservatives, as they have heretofore been named. I may draw a line between the Liberal-Conservatives and the Tories, and I would ask my honourable friend the junior member from Winnipeg (Hon. Mr. Haig) to give me the names of the Tories.

Hon. Mr. HAIG: Hear, hear.

Right Hon. ARTHUR MEIGHEN: Honourable members, I want it understood that I had no complaint to make yesterday of the conduct of the honourable leader of the Government.

Hon. Mr. DANDURAND: I thought I should be addressing these remarks to the honourable senator from Vancouver (Hon. Mr. McRae), who was of the opinion that we had been too hasty in going into Committee.

Right Hon. Mr. MEIGHEN: I think he misunderstood what took place. I could see no irregularity in it.

While on my feet I want to make it very plain, though, that I had not made up my mind to exercise any authority I may possess, which is very little, to put the Penitentiary Bill to a vote. I just wanted to state my position. When the leader of the Government says there was misinformation as to the decision of a caucus of this side of the House on this subject, he is running down a blind trail. I can assure him we never had a caucus on the subject. The subject was never mentioned.

Hon. Mr. DANDURAND: I am glad to hear that.

Right Hon. Mr. MEIGHEN: We do not bother much about caucuses. I fancy the rule is about this, that a caucus is called only when it becomes apparent that honourable gentlemen around me are not able to understand what I am doing. That may occur more frequently than they acknowledge.

I will give my honourable friend a further confidence: we met only once this session, and the only subject discussed was the Transport Bill of the Government, which has been passed.

Some Hon. SENATORS: Hear, hear.

The Senate adjourned during pleasure.

After some time the sitting was resumed.

Hon. Mr. DANDURAND: Honourable senators, I am informed that the Supply Bill may be sent over to us by 2 o'clock. I would suggest that the Senate adjourn again during pleasure, with the understanding that we are to be called back as soon as the Bill reaches the Clerk.

The Senate adjourned during pleasure.

The Senate resumed at 3 p.m.

APPROPRIATION BILL No. 4

FIRST READING

A message was received from the House of Commons with Bill 176, an Act for granting to His Majesty certain sums of money for the public service of the financial year ending 31st March, 1939.

The Bill was read the first time.

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of the Bill.

He said: Honourable senators, according to solemn tradition the Supply Bill reaches us in the last hour of the parliamentary

session. Happily for us, the various items contained in this heavy document have been reviewed by us twice, when we voted one-sixth of the total supply, and I need not enlarge on the very interesting discussions we had on those occasions.

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

THIRD READING

Hon. Mr. DANDURAND: Honourable members, I am just informed that my right honourable friend (Right Hon. Mr. Meighen) will be here shortly. I may say he gave me no intimation that he intended to make any extended remarks on the Bill, but I hesitate to move third reading in his absence.

If the honourable Privy Councillor facing me (Hon. Mr. Calder) is ready to allow third reading of the Bill, I will move accordingly.

Hon. J. A. CALDER: Honourable members, I am inclined to think that at this stage any further discussion of estimates is quite unnecessary. We have had interim supply bills before us two or three times during the session, and I feel confident my right honourable friend (Right Hon. Mr. Meighen) has fully stated his views. He has referred to the enormous extravagance of the Government, to the lack of consideration in preparing the estimates, and so on, and I doubt very much whether anything could be usefully added at this time.

Hon. Mr. DANDURAND: Then I move third reading of the Bill.

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

The Senate adjourned during pleasure.

PROROGATION

THE ROYAL ASSENT

The Honourable Lawrence Arthur Cannon, the Deputy of the Governor General, having come and being seated at the foot of the Throne, and the House of Commons being come with their Speaker, the Honourable the Deputy of the Governor General was pleased to give the Royal Assent to the following Bills:

An Act for the relief of Frank Roy Hedges.

An Act for the relief of Jessie Fields Chambers Henry.

An Act for the relief of Marguerite Oldham Jamieson Macdonald.

An Act for the relief of Ida Hillman Livermore Woodall.

An Act for the relief of Gabrielle Rachel Cécile Pelissier de Kermeno de Gouzillon.

An Act for the relief of Millicent Barbeau Edmondson.

An Act for the relief of Théodore Charles Grothé.

An Act for the relief of Stella Maude Lash Dawes.

An Act for the relief of Elizabeth Dubnitsky, otherwise known as Elizabeth Dubney.

An Act for the relief of Harry Roth.

An Act for the relief of Marjorie Ruth Nicholson Lowe.

An Act for the relief of Anna Vereszczak Finchuk.

An Act for the relief of Aldège Nault.

An Act for the relief of Muriel Gladys Jones Roberts.

An Act for the relief of Virginia Amelia Loomis Wadsworth.

An Act for the relief of Jennie Erdrich Ettenberg.

An Act for the relief of Thomas McDade.

An Act for the relief of Isabel Bovill Clarke.

An Act for the relief of Bessie Goldberg Katz.

An Act to amend The Seeds Act, 1937.

An Act to amend the Dairy Industry Act.

An Act to amend the Bank of Canada Act.

An Act to amend the Special War Revenue Act.

An Act to amend the Income War Tax Act.

An Act to authorize the provision of moneys to meet certain expenditures made and indebtedness incurred by the Canadian National Railways System during the calendar year 1938, and to authorize the guarantee by His Majesty of certain securities to be issued by the Canadian National Railway Company.

An Act respecting the Franchise of Electors and the Election of Members of the House of Commons.

An Act to establish a Board of Transport Commissioners for Canada, with authority in respect of transport by railways, ships and aircraft.

An Act respecting Radio in Canada.

An Act to assist in the Construction of Houses.

An Act to amend The Farmers' Creditors Arrangement Act, 1934.

An Act to amend the Criminal Code.

An Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1939.

SPEECH FROM THE THRONE

After which the Honourable the Deputy of the Governor General was pleased to close the Third Session of the Eighteenth Parliament of the Dominion of Canada with the following speech:

Honourable Members of the Senate:

Members of the House of Commons:

In bringing the present session to a close, I desire to express my appreciation of the careful attention given the many measures submitted for your consideration.

International relations and domestic conditions continue to be affected by conflict, disorders and tensions in different parts of the world. The disturbed situation abroad, and prolonged and unprecedented drought in Western Canada, have, unfortunately, somewhat retarded recovery. Improvement in economic conditions has, however, been more steadily maintained in Canada than in many other countries. Gratifying factors in the situation

are the further diminution in the numbers on relief, and the progressive and substantial reductions in the deficits in the national accounts. The outlook for agriculture in the West is more hopeful than it has been for some years.

An outstanding feature of the session has been the adoption of measures constituting a long-range nation-wide programme of conservation and development, designed to stimulate employment and enlarge the national income. They include a comprehensive housing scheme, under which special assistance will be afforded in the construction of houses to be owned by families of limited means, and of housing accommodation in urban centres to be leased at less than economic rentals.

The Dominion has undertaken to pay a substantial proportion of municipal real estate taxes, over a three-year period, on new houses erected before the end of 1940, and to make loans, at low interest rates, to municipalities to enable them to undertake projects of a self-liquidating character.

The housing programme has been further aided, and increased activity in the construction industry fostered by the exemption from sales tax of materials entering into the construction of houses and other buildings.

Under the Prairie Farm Rehabilitation Act, further progress has been made in the development and conservation of water supplies, and the formation of community pasture areas where lands are not suitable for cultivation.

Appropriations have been made for the continuation, on a broader scale, of the youth training programme, and for its extension to include persons of older age.

Provision has been made for the complete nationalization of the Bank of Canada through the acquisition by the Government of the ownership, in its entirety, of the capital stock of the bank.

The Board of Railway Commissioners for Canada has been superseded by a Board of Transport Commissioners, with authority in respect of transport by air and water, as well as by rail.

The trans-Canada air service is now operating a regular air mail schedule over a considerable area of the Dominion. It is expected that, at an early date, a coast to coast service will be in operation.

The provisions of the Criminal Code relating to the improper driving of motor vehicles have been made more stringent. Other important amendments have been adopted.

The War Veterans' Allowance Act has been amended to provide for veterans who, although not totally incapacitated, are incapable of maintaining themselves, and for those who served in South Africa and were domiciled in Canada at the time of their enlistment.

The registration of shop cards has been authorized, a measure which has been advocated for many years by labour unions in Canada.

The Special Committee of the House of Commons on Elections and Franchise Acts has given careful study to the means employed to effect redistribution in Canada and other countries, and to proposals with respect to political expenditures. A new Dominion Elections Act has been enacted.

Considerable progress has been made in the negotiations which, for several months past, have been carried on with the Government of the United States, with a view to revising and extending the trade agreement concluded in 1935. It is hoped the negotiations will result in a comprehensive agreement, which will facilitate the further development of trade between the two countries.

Members of the House of Commons:

I thank you for the provision you have made for the public service.

Honourable Members of the Senate:

Members of the House of Commons:

In taking leave of you at this time, I pray that the blessing of Divine Providence may rest upon your labours.

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