

DEBATES
OF
THE SENATE

OF THE
DOMINION OF CANADA

1939

OFFICIAL REPORT

Editor: DAVID J. HALPIN

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

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FOURTH SESSION—EIGHTEENTH PARLIAMENT—3 GEORGE VI



OTTAWA
J. O. PATENAUDE, I.S.O.
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1939

SENATORS OF CANADA

ACCORDING TO SENIORITY

JUNE 3, 1939

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

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
RAOUL DANDURAND, P.C.....	De Lorimier.....	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.
JAMES A. CALDER, P.C.....	Saltcoats.....	Regina, Sask.

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
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.
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-ÉDOUARD PRÉVOST	Mille Îles	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.
JOSEPH H. RAINVILLE	Repentigny	St. Lambert, Que.
GUILLAUME ANDRÉ FAUTEUX, P. C.	De Salaberry	Outremont, Que.
LUCIEN MORAUD	La Salle	Quebec, Que.

SENATORS OF CANADA

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
LOUIS COTÉ.....	Ottawa East.....	Ottawa, Ont.
RALPH BYRON HORNER.....	Saskatchewan North... West Central	Blaine Lake, Sask.
WALTER MORLEY ASELTINE.....	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, P.C.....	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

JUNE 3, 1939

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. Francois du Lac, Que.
BOURGOIS, CHARLES	Shawinigan	Three Rivers, Que.
BOURQUE, T. J.	Richibucto	Richibucto, N.B.
BUCHANAN, W. A.	Lethbridge	Lethbridge, Alta.
CALDER, J. A., P.C.	Saltcoats	Regina, Sask.
CANTLEY, THOMAS	New Glasgow	New Glasgow, N.S.
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. DE B.	Vancouver South	Vancouver, B.C.
FAUTEUX, G. A., P.C.	De Salaberry	Outremont, 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.
GRIESBACH, W. A., C.B., C.M.G.	Edmonton	Edmonton, Alta.
HAIG, JOHN T.	Winnipeg South-Centre	Winnipeg, Man.

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
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, P.C.....	Lauzon.....	St. Romuald, Que.
PARENT, G.....	Kennebec.....	Quebec, Que.
POPE, R. H.....	Bedford.....	Cookshire, Que.

ALPHABETICAL LIST

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SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
PRÉVOST, J. E.	Mille Îles	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.
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

JUNE 3, 1939

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 EDGAR S. LITTLE.....	London.
12 GUSTAVE LACASSE.....	Tecumseh.
13 HENRY H. HORSEY.....	Cressy.
14 CAIRINE R. WILSON.....	Ottawa.
15 JAMES MURDOCK, P.C.....	Ottawa.
16 RT. HON. ARTHUR MEIGHEN, P.C.....	Toronto.
17 LOUIS COTÉ.....	Ottawa.
18 DONALD SUTHERLAND, P.C.....	Ingersoll.
19 IVA CABBELL FALLIS.....	R. R. No. 3, Peterborough.
20 FRANK P. O'CONNOR.....	Toronto.
21 NORMAN P. LAMBERT.....	Ottawa.
22 DUNCAN McL. MARSHALL.....	Toronto
23
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QUEBEC—24

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

The Debates of the Senate

OFFICIAL REPORT

THE SENATE

Thursday, January 12, 1939.

The Parliament of Canada having been summoned by Proclamation of the Governor General to meet this day for the dispatch 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.

APPOINTMENT OF CLERK OF THE SENATE

The Hon. the SPEAKER informed the Senate that a commission under the Great Seal had been granted to Leslie Clare Moyer, Esquire, D.S.O., K.C., appointing him the Clerk of the Senate of Canada to be known and designated as the Clerk of the Parliament and Master in Chancery.

The commission was read, and His Honour the Speaker administered the oath of office to the Clerk.

The Hon. the SPEAKER informed the Senate that Leslie Clare Moyer, Esquire, D.S.O., K.C., had been appointed Commissioner under the Great Seal, to administer oaths to members of the Senate of Canada.

The commission making this appointment was read.

The Senate adjourned during pleasure.

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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 Fourth Session of the Eighteenth Parliament of Canada with the following speech:

Honourable Members of the Senate:

Members of the House of Commons:

The announcement that Their Majesties King George VI and Queen Elizabeth have graciously decided to visit Canada in the months of May and June has been received with rejoicing throughout the Dominion. The honour of welcoming their King and Queen, in person, on their own soil, is a privilege which will be shared with enthusiasm and pride by all His Majesty's Canadian subjects. The visit will be the first paid by the reigning Sovereign to any of his self-governing Dominions. It will be the first time a British King and Queen have been in North America. It is deeply gratifying that Their Majesties' tour will embrace all the provinces of Canada.

The official visit paid Canada in August last by the President of the United States was the occasion of unusually warm demonstrations of friendship and understanding upon both sides of our common border. It is particularly pleasing to the citizens of our country that the King and Queen have found it possible to accept the invitation of the President to visit the United States before the conclusion of their Canadian tour.

My Ministers have found it necessary to give anxious and continuous consideration to developments in the international situation and their effects upon Canada. Our own relations with other countries continue friendly, but the aggressive policies actively pursued in other continents have inevitably had a disturbing effect upon every part of the world.

The Government shared in the general sense of relief that the appalling disaster of war, which threatened Europe during the month of September last, was averted, and in the recognition which that crisis manifested of the widespread will of the peoples for peace. They are hopeful that the efforts now being made to find a solution for the specific differences which are causing friction will meet with success. They recognize, nevertheless, that time is required for these forces to work, and that

the possibility of further tension in the meantime must be faced. In this situation, the Government have considered that the uncertainties of the future, and the conditions of modern warfare, make it imperative that Canada's defences be materially strengthened.

Two years ago, the appropriations for defence were substantially increased, and a beginning made on a programme of modernization to safeguard the country from the dangers of attack. The Government intend to pursue this policy vigorously, and to propose to Parliament that the programme of defence should be further augmented, and that particular emphasis should be laid upon air defence.

Legislation will be introduced to establish a Defence Purchasing Board with power to purchase equipment for the defence services and to ensure that, where private manufacture is necessary, profits in connection with such are fair and reasonable, and that the public interest is protected.

While taking the measures necessary to assure the maintenance of our national integrity against the possibility of external aggression, the Government have sought in positive ways to strengthen the mutual interests which unite Canada in friendly relations with other countries.

You will be asked to approve the trade agreement with the United States of America, signed at Washington on November 17, 1938. This agreement fulfils the hope expressed in the Speech from the Throne, last year, for an agreement with the United States, which would confirm and enlarge the advantages of the agreement concluded in 1935.

Simultaneously with the conclusion of the new agreement between Canada and the United States, a far-reaching agreement was effected between the United States and the United Kingdom. Taken together, the agreements constitute a constructive contribution toward a betterment of world conditions. It is deeply gratifying to the Government that in their efforts to increase, and to ensure over a longer period of time, the advantages to Canadian producers and consumers secured in earlier agreements, they were able, at the same time, to further the ends of international good-will.

The Canada-United States agreements have involved, in addition to the wider markets secured for Canadian products, a thorough-going revision of the Canadian tariff structure, and a reduction of taxes on trade much greater than that made by any previous Parliament, or by any other country in recent years.

Notice has been given, effective December 31, 1939, terminating the Canada-West Indies agreement concluded in 1925. My Ministers hope that negotiations will shortly be entered upon leading to a new agreement which will be mutually beneficial to the West Indian Colonies and to Canada. In connection therewith the Tariff Board has been directed to make a careful examination of the sugar preferences and duties.

Unemployment in Canada continues to receive the unremitting attention of local, provincial and federal authorities. Having regard to the existing division of powers and obligations under the British North America Act, responsibility for unemployment and the solution of its problems is necessarily divided. There has been an increasing assumption of obligations on the part of the Federal Government.

Employment in war industry and the regimentation of masses of men for purposes of war have, to appearances, afforded in some countries a solution of their problem of unemployment. In Canada other methods of dealing with the problem have been followed.

The Dominion Government have taken active measures to stimulate private employment through the Home Improvement Plan, the National Housing Act, and the Municipal Improvements Assistance Act. Under these measures certain local taxes have been assumed, and loans made to individuals, organizations and municipalities. The sales tax has been eliminated on important building materials. Special aid has been given to the mining industry by subventions, tax exemptions and improved transportation facilities. At the same time, direct employment has been increased through a substantial expansion of federal public works, and through assistance given to the provinces in the construction of highways, for land settlement, for special projects for farm employment and for forest conservation.

Provision has also been made by the Dominion Government for grants-in-aid to the provinces to assist in the care of those suffering from unemployment and agricultural distress.

The various measures adopted to stimulate employment and afford relief to those in need have operated most successfully in those provinces which have supported them with full co-operation.

In Canada, the problem of unemployment has been aggravated in recent years by recurrent crop failures in the Western Provinces, and by the serious business recession experienced in the last year in other parts of the world. The intensification of the problem has set forth in bold relief the obstacles which the existing division of constitutional authority places in the way of a solution.

The report of the Commission on Dominion-Provincial Relations will be presented to Parliament in the course of the present session. In accordance with the purpose for which the commission was instituted, its report will provide the basis for, and the material essential to the deliberations of a national conference, at which, among the important subjects to be dealt with, will be the problem of unemployment and social services generally. The Government have not altered their view that a national unemployment insurance scheme is essential to a permanent policy of meeting the problem of unemployment.

My Ministers recognize that the plight of those who are still unemployed cannot await necessary constitutional amendments, nor the summoning of any conference. They are prepared, therefore, notwithstanding constitutional impediments to effective action, to join with the provinces in a further determined effort to meet the immediate situation.

To this end it is proposed further to expand the Government's long-range programme of public undertakings. In pursuance of the policy of the active encouragement of employment, it is also proposed to undertake, with provincial co-operation, to provide assistance to municipalities which, as an alternative to the provision of direct relief, desire to expand their normal programmes of civic improvements.

As a means of providing an opportunity for useful work and national service to single unemployed men, the assistance given to forest conservation will be extended to include other work of national importance.

The beneficial results of the Youth Training programme have demonstrated the wisdom of this experiment, and a measure will be introduced to increase its efficiency and expand its usefulness.

Notwithstanding the embarrassments and handicaps encountered in coping with the problem of unemployment, it is gratifying to be able to record that, during the past year, there has been a material reduction in the number of those receiving agricultural aid, and a reduction also in the total number of those receiving public assistance due to unemployment and agricultural distress. At the beginning of the present winter the number of those receiving such public assistance was almost forty per cent less than two years ago. Over the same period the number of persons actually in employment has largely increased.

Continuous improvement in the position of the fishing industry as a whole has been reflected in annual increases for the past few years in the aggregate amounts received by the fishermen from their work. The Department of Fisheries have given, and will continue to give, increased attention to the problem of marketing. The Government have also assisted fishermen substantially through direct aid.

In order to avert economic disaster to a large part of our population, my Ministers, under the terms of the Wheat Board Act, approved, for the current crop year, an initial payment for wheat as recommended by the Board.

The Prairie Farm Rehabilitation Plan will be continued, the experience of the past year having demonstrated its efficacy in improving the agricultural areas of the West.

Bills will be introduced to regulate grain exchanges along the lines laid down in the Report of the Royal Commission on Grain Marketing, to revise the Canada Grain Act, and to assist further in the marketing of farm products.

The Trans-Canada Airways will shortly provide a passenger service, in addition to the air mail and air express services already in operation. Preparations for the inauguration of the Transatlantic Air Service are being actively continued in collaboration with the Governments of the United Kingdom and of Ireland.

In order to implement the recommendations of the Royal Commission to Investigate the Penal System of Canada, a Bill to appoint a commission to administer the penitentiaries will be again introduced.

Other legislative proposals will be laid before you and proceeded with as time and opportunity offer.

Members of the House of Commons:

The estimates for the Public Service, together with the Public Accounts, will be laid before you.

Honourable Members of the Senate:

Members of the House of Commons:

In this critical time of the world's affairs, I pray that Divine Providence may guide and bless your deliberations.

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

The sitting of the Senate was resumed.

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 Tuesday next.

The Senate adjourned until Tuesday, January 17, at 3 p.m.

THE SENATE

Tuesday, January 17, 1939.

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

Prayers and routine proceedings.

RADIO BROADCASTING

REFUSAL OF BROADCASTING PRIVILEGES TO NEWSPAPER PUBLISHER

On the Orders of the Day:

Hon. RAOUL DANDURAND: Honourable senators, before the Orders of the Day are called, I should like to make a statement to the House concerning the radio broadcasting incident of last week.

Honourable members have doubtless seen reports in the press to the effect that the Government had refused the privilege of broadcasting to the publisher of one of Canada's leading newspapers. I simply wish to say that the Government has had nothing whatever to do with refusing any application that has been made to the Canadian Broadcasting Corporation. Neither the Government nor any member of the Government had any knowledge that an application had been made to the Canadian Broadcasting Corporation by the publisher of one of Toronto's leading newspapers, nor had any member of the Government any knowledge that such an application had been refused.

As honourable members know, the business of controlling and regulating radio broadcasting has been placed by this Parliament

under the Canadian Broadcasting Corporation, which is an autonomous public body and with which the Government does not interfere and has no desire to interfere. The General Manager of the Corporation has issued to the press a statement which gives a full explanation of the application itself and the grounds on which it was refused. I have in my hand a copy of the statement and if honourable members will take it as read I shall place it on the Table that it may be printed in Hansard with the remarks I have made. The statement is one which, I think, will be of interest to honourable senators.

CBC Statement given to the Press by Mr. Gladstone Murray, General Manager of the CBC, January 5, 1939.

Mr. George McCullagh applied to the Canadian Broadcasting Corporation to buy time for a series of broadcast talks on the national network of the Corporation in order to give his views on public questions. The application was refused in accordance with the policy of the Corporation in dealing with controversial broadcasts. This policy is based on the principle of encouraging the free discussion of all subjects of public interest in round-table discussions, debates, talks, and forums, for which the Corporation provides time without charge. No individual may purchase any network to broadcast his own opinions and no profit-making corporation may purchase any network to broadcast opinions. Far from being a restraint on free speech, the Corporation's policy is an assurance that liberty of discussion is preserved, that all main points of view are fairly presented, and that the possession of wealth does not confer the right to use network broadcasting to influence opinion.

Having failed to secure time on the national network, Mr. McCullagh attempted to buy time over a network of privately-owned stations. As all network broadcasting in Canada is under the control of the Corporation, under the specific authority of the Canadian Broadcasting Act of 1936, the permission of the Corporation would have been required to give effect to the new plan. As the same general principle in controversial broadcasts applies to all networks in Canada, the second application was also refused.

Mr. McCullagh had already been invited to participate in the Corporation's Sunday evening National Forum at no cost to him. Mr. McCullagh declined the invitation, which, however, remains open.

The Corporation's decision and the reasons for it were communicated to Mr. McCullagh in a letter, dated January 5, which is now released for publication.

The decision was taken by the Corporation on its own responsibility in accordance with the policy laid down by the Board of Governors.

It is pointed out that the Corporation's policy regarding this class of network broadcasting is similar to that of the National Broadcasting Company of the United States.

Hon. Mr. DANDURAND.

On the same date Mr. Gladstone Murray wrote the following letter to Mr. McCullagh:

Ottawa, Ontario,
January 5, 1939.

Dear Mr. McCullagh:

Thank you for your letter of the 4th instant. I shall be glad to set out fully the reasons why the Corporation was obliged to reject your application to purchase network time for the purpose of placing your views on public questions before the listeners of Canada.

In order that the answer may be complete, it is necessary to indicate the origin and evolution of the policy upon which it is based.

As you know, the Canadian Broadcasting Corporation was established by Act of Parliament as a non-partisan public trust to control all broadcasting in Canada in the public interest. In accordance with this purpose the Corporation was endowed with exclusive control of all network broadcasting and with a general responsibility for the character and content of all programs.

The relevant provisions of The Canadian Broadcasting Act, 1936, respecting the control and direction of network broadcasting are paragraphs 21 and 22, as follows:

"21. No private station shall operate in Canada as a part of a chain or network of stations except with the permission of, and in accordance with the regulations made by the Corporation.

"22. (1) The Corporation may make regulations:

(a) to control the establishment and operation of chains or networks of stations in Canada."

The relevant provisions of the Act relating to the Corporation's control of all matters broadcast in Canada is section 22 (1) (c), (d), and (e) as follows:

"22. (1) The Corporation may make regulations:

(c) to control the character of any and all programs broadcast by corporation or private stations;

(d) to determine the proportion of time which may be devoted to advertising in any programs broadcast by the stations of the Corporation or by private stations, and to control the character of such advertising;

(e) to prescribe the proportion of time which may be devoted to political broadcasts by the stations of the Corporation and by private stations, and to assign such time on any equitable basis to all parties and rival candidates."

I have deliberately set out the above provisions in order to indicate the intentions of Parliament. That the authority vested in the Corporation has been exercised as intended is perhaps best illustrated by the following quotation from the report of the Parliamentary Committee on Broadcasting of 1938:

"The bulk of the evidence concerned the program, technical and financial policies of the Corporation. Your committee is of the opinion that these policies are well designed to carry out the purpose for which the Corporation was created. Your committee is also of the opinion that the policies of the Corporation are being executed in a business-like fashion."

Now, a brief outline of CBC policy respecting the discussion of public problems and issues and the position generally in the related fields of party political, and non-party controversial broadcasting.

On the first point, the Broadcasting Act, as you know, requires the Corporation to prescribe regulations for all broadcasting, both on privately-owned and CBC stations. No censorship is imposed, restrictions being confined to those specifically set out in the regulations. The policy of the Corporation is to encourage the fair presentation of controversial questions, which indeed is regarded as part of the educational function. To this end there are organized round tables, talks, discussions, debates, commentaries and forums, distributed through CBC stations and networks. Moreover, facilities have been provided on a sustaining basis for organizations such as the Canadian Association of Adult Education and the Workers' Educational Association. Individual privately-owned stations are encouraged to discharge similar public service on a local basis.

With regard to party political broadcasting during elections, new arrangements under consideration will aim to have issues and policies placed more adequately before the whole electorate. Individual privately-owned and CBC stations will remain commercially obtainable to rival parties and candidates, subject to the relevant provisions of The Canadian Broadcasting Act and the regulations issued thereunder.

With respect to party political broadcasting between elections, any legal political party may purchase time either on networks or individual stations. Non-party statements of political leaders of sufficient general interest are carried by the Corporation on a sustaining basis.

Rulings recently approved by the Board of Governors regarding the sponsorship of non-party controversial broadcasts are as follows:

"(1) No individual may purchase any network to broadcast his own opinions;

(2) No profit-making corporation may purchase any network to broadcast opinions;

(3) Properly constituted societies may purchase network time subject to the following conditions: (a) that the society accepts responsibility for the broadcast, indemnifying the CBC against the possible consequences of libel or slander; (b) that each broadcast is prefaced and concluded by an appropriate announcement making clear the nature and auspices of the broadcast and indicating that equivalent facilities are available to opposing views on the same basis; (c) that there is no interference with normal CBC program arrangements; (d) that the broadcast is of sufficient popular appeal and interest to justify its inclusion; (e) that the broadcast is within the wording and spirit of our regulations and not in violation of any law."

These rulings, which apply also to individual CBC stations, but not to individual privately-owned stations, were the subject of the most careful consideration. The admission of the right of an individual to buy network time to propound views would entail, for example, the approval of (a) the representative of a profit-making corporation influencing public policy in favour of his corporation; (b) a profit-making corporation using opinions as a direct or indirect sales medium; and (c) an individual sponsoring his own opinions by virtue of the advantage of wealth.

Nothing in the above is of course intended to suggest that the ordinary commercial facilities, network or local, are not available to the Globe and Mail as to any other reputable company.

I hope you will excuse the length of this letter. I felt that you would understand the reasons for the decision I was obliged to take if I were to set out the general background.

I still hope that you will feel inclined to consider my suggestion that you participate in occasional programs, forums or otherwise, arranged by us. We are most anxious to make available to our listeners the views of Canadians with a real contribution to make to the solution of our many national problems.

Yours sincerely,

Gladstone Murray,
General Manager.

Right Hon. ARTHUR MEIGHEN: I would merely suggest that the honourable leader of the Government convey to the Prime Minister that the same principle might well be applied to the Canadian National Railways Board.

Hon. Mr. DANDURAND: I do not quite get my right honourable friend's point. Will he kindly repeat his suggestion?

Right Hon. Mr. MEIGHEN: I suggest that the same lofty sense of independence should be recognized in regard to the Canadian National Railways Board as well as the Broadcasting Corporation.

Hon. Mr. DANDURAND: It is easy to make that promise to my right honourable friend so far as I am concerned.

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, Copp, Haig, Horsey, Meighen, 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.

CANADA-UNITED STATES TRADE AGREEMENT

Hon. Mr. DANDURAND: I desire to lay on the Table, in English and in French, the trade agreement between Canada and the United States, signed at Washington on November 17, 1938, together with certain documents relative thereto.

By permission of the House, I wish to take this opportunity to explain that copies of the documents I have just tabled are already available for distribution.

THE LATE SENATORS BROWN AND CASGRAIN

TRIBUTES TO THEIR MEMORY

Hon. RAOUL DANDURAND: Honourable senators, it is my painful duty to inform this House of the demise of two of our colleagues, the late Senators Brown and Casgrain. Perhaps I am specially qualified to speak of these two gentlemen, since both were fellow-citizens of mine in Montreal, where they lived very near to me.

Senator Brown had come from the Eastern Townships to study law, and he devoted himself exclusively, I should say, to that task. He became a member of the Bar at about the same time as I did, and he applied all his energy to acquiring proficiency in the legal profession.

He did so well that eventually the law firm of which he was the head included twenty-four members of the Bar. He was legal counsellor of the most important business and financial corporations of Montreal, and to such an extent did he win their confidence that eventually they made him a member of their executive board. It will be found on reference to the Parliamentary Guide that he was on the directorate of more than a dozen of the larger institutions and was vice-president of two or three of the most important. I fear that the onerous duties incident to the responsible positions he held undermined his health, for when he became a member of this Chamber he was far from robust; in fact during the last two or three years, we knew, he was an invalid. He did not raise his voice in this Chamber nor in our committees, for two reasons: high blood pressure and a certain shyness which prevented him from adapting himself to public debate. The late Senator Brown had but one purpose in life, to reach the top of his profession, as he did. He never appeared on the rostrum or before the public in any capacity during his whole career. Consequently he felt somewhat uneasy at the prospect of hearing his voice within the walls of this Chamber; the more so as the effort would have been

Hon. Mr. DANDURAND.

too great a strain on his impaired health. As we all know, he was perfectly equipped for the work of this House by his long association with all the various activities, industrial and financial, with which he was in contact in the city of Montreal.

There is an interesting contrast between Senator Brown's life from the day he left the Eastern Townships, where his forbears had settled on the land near Richmond in the first years of the nineteenth century, and the life of the friend who left us a few weeks later—the late Senator Casgrain.

Senator Casgrain belonged to one of the seigniorial families of Lower Canada that have played an important role in the public life of the old province and of the Union of the two Canadas. Some of its members went beyond the borders of the province of Quebec and played a prominent part in the affairs of Ontario, reaching as far as Windsor and even beyond, to Detroit, where we find important branches of the family located. Senator Casgrain had been brought up in an atmosphere totally different from that in which Senator Brown developed. His family was always in public life. When hardly twenty years of age he came to Ottawa with his father, a member of the House of Commons, and became a translator on the Commons staff. During the few years he remained in that position he probably spent more time in the Press Gallery listening to the debates than he devoted to the work of translation. As a translator he showed marked ability, having a good command of both languages. In this capacity he came into contact with the leaders and members of both parties, and when a commission was appointed to visit the Philadelphia Exposition of 1876 he was attached to it as secretary. I have heard him say on many occasions that in Philadelphia and Washington he had met men of international reputation and many of the outstanding public men of the United States. As engineer and surveyor he travelled extensively in the Dominion and did a considerable amount of survey work in the Prairie Provinces. His work brought him into touch with many prominent Canadians. This gave him a valuable background, which served him well when he became a member of the Senate. As he told us, he was advised to specialize, and therefore devoted himself mainly to legislation dealing with transportation, both rail and water, in regard to which he was well qualified to express an opinion. His extensive technical knowledge and marvelous memory compelled our admiration, and we were always grateful for the fund of information which he gave us whenever he took part in our debates. He was a very useful member of this Chamber, where he participated

for thirty-eight years in all our activities. His geniality and fund of anecdote made him the best of companions, and we shall all miss him here. His loss will also be keenly felt in the city of Montreal. We deeply regret his departure.

To Mrs. Brown and family and to Mrs. Casgrain and children I desire to express our most sincere sympathy.

Right Hon. ARTHUR MEIGHEN: Honourable senators, one is always afraid, as the opening of Parliament approaches, that an occasion such as the present will arise. This time little indeed need be added on this side of the House to the very informative references made by the honourable leader of the Government to the two distinguished members who have passed on.

I did not know Senator Brown very well. As all are aware, the hand of Death was close even when he took his seat here for the first time. He moved in the highest business circles of Montreal. His firm was undoubtedly the largest and probably the busiest of all the law firms of this Dominion. It was largely his own creation. But he was more than a lawyer. He was a business organizer, and in the sphere of business would doubtless have gained even greater reward than he did in the sphere he chose. In the larger business circles of our country he stood high, and I doubt not that his qualifications merited the recognition he received. I have always lamented that he did not become a member of this House at a time when he could have taken an active interest in its work and looked forward to a notable career among us.

When I come to refer to Senator Casgrain my task is not easy. I think this is the ninth session I have been here, and I do not know any member on either side who has ever extended to me such courtesies as I always received from him. Nor was I the only one. Whenever there was trouble, whenever there was need of a word of cheer, whether to me—as rarely occurred—or to others whom I have in mind, Senator Casgrain was the first on hand. His name will be held beloved by more than one member on this side of the House.

As the honourable leader of the Government has said, Senator Casgrain was a remarkable man. I do not know that I ever listened to one who could review details with such thorough memory-command, to such endless extent, or on such a wealth of subjects as could he. Sometimes I questioned just how far he had organized this material to utilize it in the formation of opinion, but that he had it at his command was evident

to everyone. Further, he was a man in every sense of the word. I knew him pretty well. The Casgrain family is scattered throughout our country, some in one province, some in another; some of one political faith, some of the other; but if they are all like our late colleague, the more of them we have in our Dominion the better.

A French Canadian by birth, a subject of Great Britain, he was just as loyal to the one relationship as to the other. Never do I want to see a Canadian citizen more thoroughly loyal than was Senator Casgrain. He knew what it meant to be a British subject, and how to appreciate its worth, and he never sought in any way to evade any of the implications which that splendid title carries with it. When the trial came his family was of course one of those earliest on the scene of action, and one of those that achieved the finest record.

The House can never be quite the same again without him. He was a real character. The courtesy that shone from him was not the finest thing he possessed; he also had his full share of those "wrestling thews that throw the world." He was indeed the type of man one likes to remember.

The family can be assured that there are many here who will long regret his passing.

I join with the honourable leader of the Government in extending also to Mrs. Brown our very tenderest sympathy.

Hon. C. P. BEAUBIEN: Honourable senators, to what has been so fittingly said of our late colleagues I wish to add one word, a word of farewell to lifelong companions and true friends.

As by the swift course of time we are carried close to the fatal hour, the disappearance of those who entered into our daily life and especially shared our friendship becomes more and more painful.

Certainly such is the case for me at this moment, when I miss the sympathetic smile of Senator Casgrain across the House. Indeed, it was difficult to overlook his presence in our midst. His imposing appearance, his always youthful bearing, full of zest, appealed to everyone. The explanation of this might well have been his descent from a very old and distinguished Canadian family of French origin; also, no doubt, the fact that he belonged to a generation especially gifted and brilliant, which produced such statesmen as Laurier and the wonderful leader of this House, such poets as Fréchette, such historians as our esteemed colleague Senator

Chapais, and, among others, several of the late senator's relatives, in particular Abbé Henri Raymond Casgrain.

This was a generation of exceptional culture, which had not yet been distracted from learning by the various and incessant preoccupations of the present day. Constant reading during the formative period provided our colleague with a wealth of information which made his conversation both interesting and profitable. Owing to an exceptional memory he had preserved from his long and widespread activities a wealth of incidents and anecdotes, which he narrated with unmatched originality. The life in his native city of Quebec, which he so dearly loved, he recollected faithfully as far back as 1865 or 1870. The habits, customs and mentality of that time were depicted vividly, and, in fact, lived over again, as he had retained a great many traits of that period. No doubt, many of us at this very moment recall some of his inimitable anecdotes and stories.

But if his companionship was delightful and his popularity bountiful, his industry was no less remarkable. For a long period in his life he worked strenuously. For a great many years he stood at the head of his profession, and for more than a quarter of a century presided uninterruptedly over the association of land-surveyors in his province.

He was an ardent Liberal, a close friend of Sir Wilfred Laurier, and up to the very last election was extremely active in the service of his party.

I need not add that in this House he played an active part. Without doubt he had the magical gift of being able to say, without giving offence, many things which none of his colleagues would have ventured to suggest. His gracious presence and jovial expression disarmed opponents, and, undismayed by interruptions, he generally got his own way.

Now he is gone, and this House will sincerely regret the loss of his lovable, genial personality. His absence will also be felt outside of Parliament, throughout a wide circle where he had a host of friends and few, if any, enemies.

Of our colleague the late Senator Brown, an able, industrious and highly successful lawyer, I should like to make mine the fitting words of praise which have fallen from the lips of the two leaders of the House. His untiring industry, his talent and high character brought him to the very summit of his

profession and to the councils of many of our leading industrial and financial institutions. He will be missed widely and sincerely.

I feelingly join in the condolences extended to the widows and families of our late colleagues.

Hon. LORNE C. WEBSTER: Honourable senators, it is a matter of deep regret that since the last session of Parliament this House has lost by death two of its outstanding members. I refer to the Honourable Albert Joseph Brown, K.C., LL.D., senator for Wellington, who died in November last, and the Honourable Joseph Philippe Baby Casgrain, senator for De Lanaudiere, whose death occurred this month. I met both Senator Casgrain and Senator Brown in the city of Quebec, and it has been my proud privilege to know both these honourable gentlemen intimately since my 'teens. In later years I followed their exceptional careers as members of this House with great interest.

Life is fortified by such friendships as these two men of great mind and understanding were able to give, and did give, and I enjoyed their close association over a long period of years. In their generous understanding I am sure we could all confide. Their opinions, I am equally certain, were valued for their sincerity.

The late Senator Casgrain, who lived to the age of eighty-three years, was called to the Senate in early manhood. At the time of his death he was one of the oldest members of this House in point of service. His long and honourable career as a parliamentarian, an engineer, an industrialist and a citizen was, as it were, an open book, and one which could be read by his fellow-Canadians with genuine pride. Senator Casgrain's efforts in every walk of life were constantly directed to the betterment of his fellows and to the progress of the Dominion, which he was convinced was assured of a high destiny as a member of the British Commonwealth of Nations. He served his country and his party faithfully; he was a loyal friend, a great Canadian, and a strong upholder of the British Empire. He was exceptionally well informed, and an authority on most questions.

The Honourable Albert Joseph Brown, at the time of his death, had been a member of this Chamber for six years. In that time we had the opportunity of appreciating his fine attributes—his legal mind, which was one of the finest of his day, his genial and generous disposition, his high-mindedness, his great public spirit and patriotism, and his genuine concern at all times for the public welfare. He lived a full and useful life. He was a director

Hon. Mr. BEAUBIEN.

of many Canadian companies, and his outstanding commercial knowledge and talents were of great value to Canadian enterprises and institutions.

This House, I am sure, will desire to mark the profound sense of loss which Parliament and the Dominion of Canada have sustained through the death of these honourable gentlemen.

To the bereaved families of these two great Canadians we extend our profound sympathy. "To live in hearts we leave behind, is not to die."

MR. A. E. BLOUNT

FORMER CLERK OF THE SENATE

Hon. RAOUL DANDURAND: Honourable senators, we all share in the regrets expressed by members of this Chamber at the departure of our late colleagues, the Honourable Senators Brown and Casgrain. I have to take note of the departure of one who has been among us for over twenty years, but whom we hope to see again.

Mr. Austin Ernest Blount, as Clerk of the Senate, served this Chamber and all its members faithfully and well. Having been closely interested in the procedure and work of this Chamber, I have been able to judge of the value of the services which Mr. Blount rendered. Very often, if not every day, I had occasion to turn to him for information, and I never saw a more zealous and devoted official of Parliament. I am quite sure that what I state now can be repeated by all the members of this Chamber who have called upon him for information or advice.

I regret that Mr. Blount has left us. He has done so because of the regulations that govern our personnel. I only hope that occasionally he may still be near at hand. He has told me that if we should ever need his assistance, or if our new Clerk—whose qualifications I recognize, and whom I welcome here as a worthy successor—should ever need his advice, he will be glad to be of service. Under these circumstances I feel that this Chamber should continue what since 1867 has been the custom and tradition of this House when its Clerks have left it under conditions such as those governing the departure of Mr. Blount; and with my right honourable friend as seconder I would move:

That in view of the long and faithful services of Mr. Austin Ernest Blount, C.M.G., former Clerk of the Senate, he be continued an honorary officer of this House and be allowed the entree of the Senate and a seat at the Table on occasions of ceremony.

Hon. Mr. DUFF: Carried.

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Right Hon. ARTHUR MEIGHEN: There will be occasions when it will be quite easy for the honourable senator from Lunenburg (Hon. Mr. Duff) to head me off, but the present one is too important for that.

When I first came to Ottawa, more than thirty years ago, Mr. A. E. Blount was private secretary to the then Leader of the Opposition in the House of Commons, R. L. Borden. He continued in that office, succeeding, in 1911, to the onerous position of private secretary to the Prime Minister, in which position he continued until he was appointed Clerk of this Chamber, about twenty-one years ago. I never knew a more efficient private secretary. I never knew a harder worker. Nor did I ever know a man who could locate information more quickly than Mr. Blount could. While he was Clerk of this House I had occasion to differ with him two or three times on matters of rules, and I found in each case that he was right. I do not think I could pay a higher compliment to any official than that.

I believe the honour now being tendered Mr. Blount in the body of this motion was conferred upon a Clerk of this House of former years, Mr. St. Onge Chapleau, a quite distinguished man, the story of whose life is indeed a thrilling one. I feel sure the conferring of the same honour upon Mr. Blount is well deserved and will be appreciated by him, and that there will be times when we shall be glad to have him here, or glad to consult him though he be not here.

I also join with the honourable leader of the Government in a word of welcome to the new Clerk of this House, Mr. Moyer. Him too, I have known for some considerable time. He has gone through that very agonizing machine, the secretaryship to a Prime Minister. He as well has legal knowledge and training, which will serve him in good stead here. I am sure the appointment is wholly satisfactory to all on this side of the House, and I feel confident Mr. Moyer will have a happy and useful life in his present post.

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. DUNCAN McL. MARSHALL rose to move that an Address be presented to His Excellency the Governor General to offer the humble thanks of this House to His

Excellency for the gracious Speech which he has been pleased to make to both Houses of Parliament.

He said: Honourable senators, let me begin by expressing my very high appreciation of the privilege of being a member of this honourable body. I saw about me last session and I see again now many men who have had a long and wide experience in public affairs, as members of the House of Commons and of legislative assemblies in different parts of the Dominion of Canada. After all, I am bound to say that there is nothing so valuable to the man who seeks to serve his country in a deliberative assembly as a knowledge of and experience in public affairs. During the recess there have been some changes in the leadership of different parties in this country. Let me express my satisfaction, which I think will be joined in by every member of this House, that in the Senate of Canada we have the same two leaders continuing in their positions. Both of them have had very long experience, and by excellent training and industry they have well equipped themselves for the discharge of their important duties.

Hon. SENATORS: Hear, hear.

Hon. Mr. MARSHALL: The infliction of my remarks upon you cannot be charged against me. I believe it is the custom in this House that the person selected to move the Address shall be the youngest in point of membership, and so the task happens to fall to my lot. As to my being a member of this House, I believe that what happens to a man in politics and public affairs is at least fifty per cent due to accidents—sometimes I have thought it is seventy-five per cent. So I was wondering just how it happens that I am here; but when I observed that two other senators were born in the County of Bruce—the honourable gentleman from North Bruce (Hon. Mr. Spence) and the honourable gentleman from South Bruce (Hon. Mr. Donnelly)—I concluded that my presence here is due to my having had the good fortune to be born in the county that bears the name of Scotland's hero king.

I know that the whole of Canada is looking forward with great pleasure to the visit to our country next summer of His Majesty the King and Her Majesty the Queen. No visit of this kind has been made before. Other members of the Royal Family have come to Canada and been given very warm welcomes, but a visit from Their Majesties themselves will be something quite different. I think I am justified in saying that they will be heartily and loyally welcomed by

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virtually every citizen of this country. The present King of Great Britain and her Dominions declared when he ascended the Throne that it was going to be his determination to follow as far as possible in the footsteps of his father, King George V. Every member of this House has a recollection of the fact that King George V, by the manner in which he conducted himself in the occupancy of his exalted position during the troublous times of the War and in the period of political crises following the War, made the British Throne safe when most other kings were tumbling off their thrones. We always had a very great admiration for King George V, not only as a sovereign but as a man; and I am quite sure that as we become better acquainted with his son, King George VI, we shall find he is a worthy son of a worthy sire.

So far as Her Majesty the Queen is concerned, she is Scotland's gift to the British Commonwealth of Nations.

Hon. Mr. DUFF: Hear, hear.

Hon. Mr. MARSHALL: I have no doubt that her delightful, charming graciousness will win the heart of every Canadian when she is in this country. I am sure that the arrangements in connection with the visit will be carefully made, and I hope they will be such as to permit the greatest possible number of our people to see the King and Queen without any over-tiring performances on the part of Their Majesties.

I do not know that I should take up very much of your time, honourable senators, but I should be sorry to sit down without making a few observations about one branch of Canadian enterprise in which I have been interested all my life, the business of farming. I am going to try to discuss in just a few minutes some of the things that are being done, and some that perhaps may be done, to improve the condition of the men who are growing crops and producing live stock in Canada. We know that every country which has a surplus of farm products to-day is finding great difficulty in disposing of them. All these countries are not only looking around for markets, but they are devising plans and schemes by which agricultural production may be curtailed, to save the markets from being flooded. Farming is an industry that produces food and clothing for all the people in the world. Ever since we began farming in this country we have produced more than we could consume at home, and consequently outside markets have been very important and valuable to us. Bad conditions in our agricultural industry have generally arisen through lack of outside markets.

There are some things that governments can do with regard to these matters, and there are some things that they cannot do, or rather that they should not do. The dear knows, they sometimes do them. My opinion is that the future of farming depends largely upon three things: the first is industry, the second is intelligence, and the third is industry repeated. I have a very distinct recollection of farming as carried on in this Dominion for fully sixty years, having taken part in it over that period of time. My first occupation required that I use a blue beech gad to drive Buck and Berry while my father ploughed the new furrow. There I learned some of the methods of cultivation that should be used in order to produce good crops. And I observed that some people in the neighbourhood had good crops, while other people, with equal opportunity, had comparatively poor crops. There also I found out some of the reasons why one five-acre field will produce more oats than another.

Now, after a period of a little over sixty years, I am again working that same farm; and I am getting more enjoyment out of it than, perhaps, I have ever got out of any other occupation that I have engaged in up to the present time. Breaking prairie cannot be compared to going back to a farm which you saw chopped out of a hardwood bush, a farm where you waited eight years for the stumps to rot, then uprooted them and burned them, and after that engaged in the occupation of getting the best that the soil could produce. I am bound to say that during the past summer it frequently occurred to me that if I did the things that my father told me to do more than a half-century ago, I should not go very far wrong. After all, the best implement on a farm is a plough, and the best plant is grass. In grass, of course, I include the clover family. If a man will judiciously apply his plough and use grass on his land, no matter whether he be farming in the province of Ontario or on the Prairies, he will get on. The most important product of farms in Ontario and all over the Dominion is live stock, and though I am not one who fails to appreciate the importance and value of wheat, I hope to see the day when the producing of cattle will be the principal agricultural business of all our provinces.

In the past summer something was done that surprised me and a great many men who are in the farming business. The marketing of live stock produced in the East and on the Prairies has long been a serious problem with us, but a new method of marketing our beef on the greatest beef market of the world has now been discovered. After all, we have only two markets: one is Great Britain and the

other is the large cities of the United States of America. Other countries with which we do business are not beef eaters. It is true that we may send a few thin cows to some places where they are ground up into sausage, but our real markets are in Great Britain and the United States. Great Britain is the greatest beef-eating country in the world. Not only have the people there a good appetite for beef, but they have a very discriminating one, and, if you give them the kind of product they want, they have no objection to paying a good price.

For a long period of years we have experimented with different methods of shipping cattle or beef to Great Britain. A few years ago we gave up the idea of shipping beef, because we thought we could not compete with the Argentine. But this year, as I say, we discovered a new way of shipping beef. Cattle killed in the city of Toronto—and within a few weeks this will also be true of cattle killed in Winnipeg; and, a few weeks later, of cattle killed in Edmonton and Calgary—is shipped to the Smithfield market in London, where it commands a higher price than prime Scotch. And when you speak about anything Scotch you necessarily speak about the highest quality there is. Scotch short sides have sold on the Smithfield market for a higher price and for a longer period of time than any other kind of beef. Yet we have been able to kill beef in Toronto, ship it to the seaboard, load it onto boats, unload it at Liverpool, and ship it to Smithfield, then sell it for nearly half a cent a pound more than Scotch beef was bringing at that time.

This is a revelation, a most astonishing thing. It surprised not only Canadians who are engaged in the actual production of beef, but also a man who is, perhaps, the best authority in Canada on the marketing of beef. I refer to Mr. J. S. McLean, of Canada Packers, who has had a wide and very important experience in the marketing of meats of all kinds. He said to me: "We have been trying for the last ten years to discover a method of shipping Canadian beef to the British market and getting a higher price for it, but none of us were able to do it. It remained for Dr. A. M. Shaw, the head of the Marketing Branch, appointed by the Minister of Agriculture for Canada, to show us the way." As I say, we are killing beef in Toronto and sending it over to Great Britain, and it is the talk of the Smithfield market. Now, what does that mean to us?

Right Hon. Mr. MEIGHEN: Before the honourable gentleman goes on, will he tell us what it is that has been discovered? I am not disputing what he says, but I should like to know what the new development is.

Hon. Mr. MARSHALL: Formerly the meat shipped to Great Britain was laid on its side in cars and chilled, because it was thought that otherwise it could not arrive in good condition. The packing plants were shipping sides packed in railway cars, and these were transferred from the cars to boats and taken to Liverpool, then unloaded into vans and shipped to Smithfield.

Right Hon. Mr. MEIGHEN: The beef was chilled.

Hon. Mr. MARSHALL: We have developed now the shipment of what is called baby beef. The trade name for it is fed-calves, that is, young animals that will produce a carcass weighing around 400 to 500 pounds, and some up to 550 pounds. Mr. McLean said to me, "It is a wonder that nobody thought before of doing what we are doing now." And what we are doing is exactly what the Scotsman in Aberdeen does. The cars being some seven feet in height, we are able to hang up the whole side, if it does not weigh over 400 pounds, and when it is heavier than that we cut off at the second rib and then hang the short side up. Remember, nothing but prime beef is shipped in this way. The result is that the packing plants have no difficulty in disposing of it in England. The railways have given their co-operation, by seeing that the temperature in the cars never goes below 32 degrees, and scarcely even so low. So the meat is not chilled to the extent that Argentine meat is. The time that the beef is in the cooler, then in the car, then in the boat, and finally in the van in the Old Country, is about the same time that it would take to ripen the beef in the packing house at home; and while being shipped in this way it ripens at about the same temperature and to about the same degree as if it were in the packing house. We are now putting on the Smithfield market a product they never saw from Canada before, with the result that all shippers of beef to the British market to-day are crowding around to see our product.

I have in my hand a letter from Mr. Young, a veterinary surgeon on the Smithfield market. He has been there forty years inspecting beef shipped in by several countries. If you ship beef to the Smithfield market you must employ a British veterinary surgeon to give a certificate in connection with it. Canada employed Mr. Young some years ago at a small retainer. He inspects beef for several other countries as well. Let me read a few extracts from his letter. He says:

We have had on Smithfield Market this week some of the world's best meat. The consignments from Argentine and Uruguay were,

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I think, the most useful butchers' meat that has ever been sent to Smithfield Market, and I speak from an experience of nearly forty years. This opinion was supported by the whole of the members of the trade, who have had similar experience. These consignments were shown on Monday, December 19, and the consensus of opinion was that nothing better could be produced.

The exposure of the Canadian consignment on Wednesday, the 21st, made the whole trade, and those associated with it, absolutely stare with astonishment, and it is no exaggeration to say that nothing better in the form of young, quickly matured, cattle has ever been shown on Smithfield Market. This expression includes the type of animal produced, the quick maturity to the finished stage, the dressing of the carcasses, and the careful transportation.

Then Mr. Young gives the prices. Scottish short sides, top, sold at 6/2d per stone, while Canadian short sides, top, sold at 6/4d. If you reckon a penny to be two cents, the relative figures per pound are 18½ cents for the Scottish and 19 cents for the Canadian meat.

As Mr. McLean said to me, "If somebody had told us a few years ago that we would be doing this to-day, we could scarcely have believed him." But this is being done. It has been done now for thirty-two weeks, and again and again Canadian beef has topped the market.

This beef is carefully selected. There are only fifty sides, or twenty-five carcasses, sent in a week. There is a tremendous demand for the beef, and we could gradually work the business up to one hundred, one hundred and fifty, or even two hundred carcasses a week. But there is more than that to it. Not only are we getting a high price on this export beef, but there is now a keener demand for the good young beef which is sold for home consumption.

A further advantage accruing from this export trade is that it encourages the breeding of better cattle. Everybody knows what the grading of hogs has done for the improvement of the breed. By producing a better bacon hog we get more money for our bacon to-day, because the trade is a discriminating one. I am confident that nothing will have a greater tendency to improve our breeding of beef cattle in this Dominion than this particular market of which I speak. Some of this export beef cattle is only eight months old. Those who know anything about feeding cattle know that the more rapidly you can get them ready to sell as good beef, the better for the feeder, because then they are not wasting either their time or yours.

This export trade will not only stimulate the better breeding of cattle, it will also stimulate the sale of weaned calves in the

provinces of Saskatchewan and Alberta. There are more good, high-class beef cattle bred in Alberta and Saskatchewan than in the province of Ontario, because ranchers out there have recognized the value of good breeding—something that we cannot always get our farmers to recognize. A bunch of these weaned calves came down from Saskatchewan last fall and were included in some of the shipment to Great Britain and brought a very high price. This is new business developed this year, if you please, when we thought we knew all there was to know about shipping beef. It is going to stimulate a new industry in beef production both east and west. The Department of Agriculture intend shipping from Winnipeg, and then from Calgary and Edmonton.

The officials tell me that it is easier to ship this beef in the summer time than in the winter, because you can maintain an even temperature in the car much more easily in summer than in winter, when the outside temperature varies so much. We are paying freight only on the beef, short sides of the highest quality, and leaving the hide and offal at home to pay for the slaughtering and dressing of the animal. In a word, we are sending our good beef to the greatest market in the world at the lowest possible expense.

We have been able for the first time in history, not only to crash the British beef market, but to crash it at the very top price. As I have said, I know of nothing that will be more important to the man who is feeding calves in the province of Ontario or to ranchers who are raising calves in Western Canada than this British market.

I may be, perhaps, a bit more enthusiastic about these things than people who are not so much concerned. I visit the stockyards every Monday morning when I am in Toronto. I go out there to see the beasts. Somehow or other, I rather like their companionship, and I like to see the kind of stuff coming in from different parts of the country. Sometimes it is almost enough to make you weep to see rubbish going into the abattoir to be sold as beef.

I think this new development will improve the class and character of the beef cattle we are going to breed in our country. It is a great and important move, and it is subjected to the closest kind of inspection. That is essential, for if you are to get a share of a top market you must have a good article to sell. They are keen buyers in England, and if you have the kind of goods they want they will pay the price.

This business is going to affect the Royal Winter Fair. I went to an abattoir to see carcasses of cattle slaughtered after the fair,

and I found, as usual, that we have a good deal to learn, not only about feeding our beef, but also about being able to tell what is under their hides by handling them. We learned some lessons in that regard this year. Remember this: if you send to the Smithfield market beef with yellow fat, you will not top any market. It must be a white carcass and not too full of tallow if it is to grade as prime beef. We find in some cases at the Royal Winter Fair that animals are over-finished. Frequently when a judge puts his hands on a beast he will say, "He would be all right if fed a few more months." That was said of two or three calves at Toronto, but when they were slaughtered they were the best carcasses of the lot.

Hon. Mr. MacARTHUR: Is there any chance of Prince Edward Island getting into this Utopia?

Hon. Mr. MARSHALL: Absolutely—if you will breed beef cattle. I understand you are breeding more dairy cattle than beef. I will come to that later, if I am not taking up too much time.

Right Hon. Mr. MEIGHEN: Go ahead.

Hon. Mr. MARSHALL: One of the judges at the Royal Winter Fair this year was Mr. MacDonald, who, by the way, comes from the University of California via Aberdeen, Scotland. When he began judging he said he was going to place ribbons, not on over-fat animals, but on those which would be the most profitable to kill. I am quite sure he did one of the best jobs that have been done at the fair, but there was a lot of disappointments as well. We vote large grants annually to that fair, and quite properly so. Through this experiment we shall have a chance to make top prices on our calves killed after the show. We can make the Royal Winter Fair a greater and more important institution for the judging of beef cattle than it ever was before, by these experiences in slaughtering and shipping.

I should like to see our boys of the agricultural colleges visit the abattoirs even oftener than they do, to see the beef carcasses and so get a better understanding of what they should do with cattle in order to secure top prices.

There is, of course, no politics in this great enterprise, for there cannot be in a thing of this kind.

My honourable friend from Prince (Hon. Mr. MacArthur) asked me what about Prince Edward Island; so I will say a word or two about cows, as I understand the people on the Island breed mostly dairy cattle. During the last year there have been experimental shipments of dairy cows to Great Britain. The

Government inspects all these cattle. Such inspection is work a Government department can do well. Ten Holstein cows have been sent over to Mr. F. W. Gilbert, past president of the British Friesian Association of Great Britain. The vice-president, Mr. I. J. Yarmay, has twelve cows and a bull that were selected for his herd. The British breed associations will not register these cattle now, as, like other organizations, they want a lot of things done their own way. But that does not matter so much in a country like England or Scotland, where, after all, people breed and feed and prepare their cattle for their own market. They export only a few of the very best cattle for breeding purposes. They are more concerned about the commercial results they produce. Some of these cows sold as high as £40 apiece, which is quite a decent price. Under the regulations, after four crosses they can be entered in the British Friesian herd book. There is a tremendous potential market there, because Canadian cattle are sound and healthy. That is why our stock are wanted. In an old country like Great Britain nobody knows just how prevalent tuberculosis and Bang's disease are, and the people there are now preparing for a general testing of all their herds. What will happen remains to be seen.

I happened to be present as a representative of the Dominion Department of Agriculture when the conditions for the removal of the embargo against Canadian cattle were embodied in the Bill which passed the British House of Commons. When the question of health came up, I immediately agreed that all cattle shipped to Great Britain for breeding purposes should pass the tests for tuberculosis and Bang's disease. The British representatives were surprised, as cattle were coming in from Ireland without any test at all. I said, "We do not want to ship unsound breeding cattle to you, because in four or five years it would completely destroy our market." Nobody has any business these days to sell unsound breeding cattle either in his own or in another country. Cattle have been carefully tested by both the present and the past governments, and as a result we have established in Great Britain a demand for sound dairy cattle—a demand that we can scarcely supply. Dairymen in Great Britain tell me that about three years, three lactation periods, is the average life of a cow. Many dairies fill a stable with cows to milk, and when the cows begin to drop off in their milk they change to heavier feed and prepare them for the abattoir. Then they buy up a new herd. That seems to us a wasteful system, but it cannot be or they would not continue it. That is the practice in some

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dairies in Great Britain at the present time. We have multiplied the number of cows shipped there by, I think, three or four. There is not a large number going over yet, but the very fact that our cows sell at auction at high prices is significant. One man in Cheshire came over this year and took away 367 cows—a pretty good customer. When I tell you that in that one county in England they milk 100,000 cows, you will have some idea of the potential demand.

These, I think, are the enterprises that governments can and should support for the improvement of marketing conditions for the men who will produce good animals. Most of the cows that sell for high prices in Great Britain have a milk and butterfat record. A few years ago I paid a visit to Mr. Alex. Batchelor's farm near Dundee, and he told me that one of his difficulties was that his Canadian cows were low testers. He had over one hundred of them. Now when the records both for butter-fat and for milk production go with cows to the British market, and they are sold there on their merits, they will bring high prices. If you will sell a cow on its merits, and you have a high-class animal, the British market is always a good one.

I notice that this year we have an increased production of creamery butter. In the eleven months of 1938 we produced almost as much creamery butter as during the whole of 1937. But there is a reduction in cheese production of from twelve to fifteen million pounds between this year and last. As a result we have a low price for butter to-day. Our butter does not sell as well on the British market as does our cheese. Why? Because all our cheese sent to the British market is graded, and when a grocer wants to buy cheese he can telephone to Tooley street for Canadian cheese, which has our Government grade stamped on it. With some of our Canadian butter he does not feel quite so safe. So Canadian butter, because of lack of grade, does not occupy the same position as our cheese on the British market.

I had the pleasure of introducing legislation for the compulsory grading of cream into and butter out of creameries in the province of Alberta. I also had the pleasure of introducing similar legislation in the province of Ontario when Minister of Agriculture. But it is rather remarkable to recall that I introduced the Alberta Act just exactly twenty-five years before taking similar action in Ontario. It must be borne in mind, however, that it would have been scarcely possible to procure such legislation in Ontario at a

much earlier date. Why? Because in Alberta we were at the beginning of the creamery industry. In fact, very few cows were milked in that province then, as most of them could only be milked by a man on horseback. There were only a few creameries in operation, and so we put in proper regulations at the very start. I recollect as a lad in Ontario taking a firkin of butter to the local store and trading it for goods which we needed. The grocer placed it behind the counter with other butter and mixed it all together. It was then renovated and perhaps deodorized and sent to the British market as Canadian butter. Naturally this gave our butter a bad name on that market. I remember that the province of Alberta first passed a grading law, Saskatchewan followed one or two years later, and Manitoba later still. The three Prairie Provinces could then sell their butter in Great Britain for two cents a pound more than the commodity commonly called Canadian butter brought. All this goes to show that if you are to get the best market you must have a standard grade for your product. The purchaser must know from the mark on the outside of the box what quality he is getting.

Such are the things that the Government can do for people on the farms, and so enable them to get the best possible return—and they need it badly enough—for the hard work they put in on the land.

I do not intend to say very much about wheat, as probably the matter will be discussed during the course of the session. I do want, however, for a moment to direct attention to the value of Canadian wheat production and wheat export. If our men on the land in the Prairie Provinces will take care of the structure of their soil and see that such things are done to it as will prevent their farms from blowing over onto their neighbours', then we shall have a better system of farming over the whole Dominion. Those who have been on the land in Western Canada have faced great difficulties. After one experience three or four years of drought one does not know quite what to do. Many a time I have watched for signs of rain. When a man has to face difficulties of that kind, I am afraid he does not worry so much about what he should or should not do with his land.

It seems to me the great need in this country is a decent price for the men milking cows and feeding cattle and carrying on our farms; which, after all, should be carried on in the family fashion all over Canada. Farming then becomes not merely an industry, but an institution, and our people begin to understand the land as it is understood by the

farmers in England and Scotland. This is perhaps best described by Tennyson in his *Northern Farmer*. When the old man was dying, a bit early, he thought, he very much regretted having to go, not on account of his family or the neighbours or anything of that kind, but of the land. While he had done some things not quite up to the mark, yet he hoped to be excused because he had been faithful to the land. He thought some other person might be more easily spared; so he said:

A mowt 'a taaen owd Joanes, as 'ant not
a 'aapoth o' sense,
Or a mowt 'a taaen young Robins—a niver
mended a fence;
But godamoighty a moost taake mea an'
taake ma now
Wi' aaf the cows to cauve an' Thurnaby
hoalms to plow.

When our people have that kind of high regard for the land on which they live, then we shall have in this country the kind of farming that will make for general success.

There are a few other things I should like to talk about, but I am not going to do so, because perhaps you know most of them better than I do. But I do hope the Senate Committee on Agriculture will function. I do not know who is chairman of that committee; so I am not aiming at any person in particular—

Right Hon. Mr. GRAHAM: He is a man from Bruce county.

Hon. Mr. MARSHALL: Then his work will be properly done. But I think the Committee on Agriculture of this body can do a great deal of useful service. Of course in saying that, I suppose I am only doing what every new member does when he comes into this place. He thinks that he should revolutionize everything. But over a long period of years during which I have met many people of many kinds I have learned patience, and I will not be unduly pressing, although there are some things that I should like to see done to make life easier for the people on the farms.

During the last year I have had the satisfaction, and it was a grim satisfaction, of keeping track of all I had to spend on, and all I managed to make from the operation of 150 acres of land in the county of Bruce in the province of Ontario; and while I should not like to speak out of the fulness of my heart at the moment, I hope to be able before the year has gone by to tell some people—not members of this House—some truths they ought to know.

The men who settled the county of Bruce, in fact the whole province of Ontario, were, like my father, immigrants, mostly from England, Ireland and Scotland, with no money, but with a desire to have a piece of land that belonged to them. If I were offering any advice to the farmers of this or any other province, it would be to live without the things for which they cannot pay, because nobody can so ill afford to get into debt as a farmer. I know of farms in Ontario that have been occupied by the same family for five generations. Those farms have never been sold; they always have been inherited by one son. There never was a mortgage on them. There are more farms of that kind in Ontario than one would believe unless one had the temerity, as I have had, to talk to these farmers and ask them impudent questions. I should like to see something done to improve the condition of our farming people—not to enable them to operate two automobiles or to have what some people wrongfully call the luxury of the cities. Wading around the barnyard knee-deep in snow in high rubber boots gives a great deal more satisfaction to people who care for the land than the enjoyment of what some people call the "pleasures" of life. In Western Canada there are many people from Central Europe who are very similar to the British immigrants I have mentioned. They are people whose roots are in the soil. All the members of the family will not become farmers; some will go into business or into the professions; but always there will be one—often the most intelligent member of the family—who will stay on the land. Others will go away, as I did. But something should be done for those who remain. I think this development in the market for beef and dairy cattle is important, because this country is inhabited by people similar to those of the British Isles, who for many generations have farmed successfully; people who have inherited the desire to till, and the inclination to own land and to hand it on to their successors unimpaired. They belong to the land.

His dead are in the churchyard—thirty generations laid.

Their names were old in history when Domesday Book was made.

And the passion and the piety and prowess of his line

Have seeded, rooted, fruited in some land the Law calls mine.

Hon. JULES PREVOST (Translation): As I rise to second the address in reply to the Speech from the Throne, which has just been presented in so original a manner by our colleague the honourable senator from Peel (Hon.

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Mr. Marshall), I feel quite unworthy of the task ahead of me. I therefore beg of you to bear patiently with me while I make a few remarks.

The speech by which His Excellency the Governor General opened this session is distinguished by an exceptional feature. Indeed this speech will remain as a landmark in our parliamentary records, for it announces an event which will mark an epoch in our history: the forthcoming visit to Canada of Their Majesties the King and Queen of Great Britain. The Canadian people are rejoicing over this prospect, because the expansion of our liberty and autonomy has been accompanied by an ever increasing attachment to the Sovereign, who is for us a living symbol of the British institutions which have sheltered the development of our nation.

The Speech from the Throne mentions numerous and grave questions and is a proof of the importance acquired by Canadian politics, and of the seriousness of problems Canada must face, from the economic as well as from the national and international standpoints, problems which the Government labours to solve in the free exercise of its rights, the full consciousness of its duties and responsibilities.

It is possible that opinions may differ on questions of detail, but I believe I may say positively that we are all united on the principles at stake in the different questions mentioned in the Speech from the Throne. Whether it be a matter, for example, of finding more and wider outlets for our commerce, an object which our trade agreements with Great Britain and the United States would realize, as well as those in course of preparation with the West Indies and other countries, or whether it be the painful problem of unemployment, which the Government is trying to relieve, or the rounding off of our national defences; in all cases, Canadians admit that efforts and provision are imperative if we are to insure general welfare and security.

I do not wish to discuss all the subjects of this sessional program, but should like to emphasize two in particular, and shall do so briefly.

Here is what His Excellency the Governor General has to say about unemployment:

Unemployment in Canada continues to receive the unremitting attention of local, provincial and federal authorities. Having regard to the existing division of powers and obligations under the British North America Act, responsibility for unemployment and the solution of its problems is necessarily divided. There has been an increasing assumption of obligations on the part of the Federal Government.

The Speech from the Throne recalls that the Federal Government stimulated the building industry and employment in private in-

dustry; to this end, it lent considerable sums of money to private individuals, societies and municipalities; it made special grants to the mining industry and to the youthful unemployed; it allowed the provinces generous subsidies towards relieving the victims of unemployment; it undertook a vast program of public works and came to the assistance of the provinces in the matter of road building, colonization and undertakings likely to promote employment on farms and in forest protection work.

The present division of constitutional powers is an obstacle to other measures which would hasten a final solution of the problem.

"My Ministers," says His Excellency, "recognize that the plight of those who are still unemployed cannot await necessary constitutional amendments." Therefore, the speech forecasts:

It is proposed further to expand the Government's long-range program of public undertakings. In pursuance of the policy of the active encouragement of employment, it is also proposed to undertake, with provincial co-operation, to provide assistance to municipalities which, as an alternative to the provision of direct relief, desire to expand their normal programs of civic improvements.

Here is a decision which, I believe, will be received with general approval.

Work-relief is a necessity. We must indeed guard against the possibility of breeding a generation of unemployed unused to work. Let us confess that, owing to the economic disturbances which have prevailed in the last few years, the State, for too long already, has fumbled, beaten about the bush, and experimented with different modes of relief. In the case of the unemployed, the sole use of direct relief would jeopardize the resources of the nation while failing to decrease the hardships of those who wish to earn their daily bread honourably and by the sweat of their brow, without recourse to the charitable agencies.

When workingmen of all trades find themselves in such a painful situation, it is the duty of the State to undertake a vast program of public works. When I speak of the State I mean the Federal Government, then the provincial and municipal governments. The three governing bodies can and must come to some form of agreement in order to promote works, whether necessary or simply useful. Of course, the contribution of the State to public works costs more than the so-called "direct relief to the unemployed." But is it not preferable to spend two millions on useful, permanent projects which will still be a benefit to the country when the depression is past, and will save the unemployed from deadly idleness,

rather than one million to feed men who are vainly seeking work and must soon become loafers? It is not easy to draw up a program of great national works. However, I persist in believing that is the task to which our statesmen must address themselves. We must resolutely set our faces towards reality and stop devoting millions each year to keep men in idleness.

The unemployed who are healthy and whose hearts are in the right place demand work. When the workingman puts out his hand, he is asking not for alms, but for the salary due to his labour.

I repeat, with many others, relief through work is imperative if we wish not only to maintain life among our unemployed and their families, but to rebuild the morale of our people as well.

The international situation and the defence of Canada also occupy an important place in the Speech from the Throne. His Excellency says:

My Ministers have found it necessary to give anxious and continuous consideration to developments in the international situation and their effects upon Canada. Our own relations with other countries continue friendly, but the aggressive policies actively pursued in other continents have inevitably had a disturbing effect upon every part of the world.

The Government shared in the general sense of relief that the appalling disaster of war, which threatened Europe during the month of September last, was averted, and in the recognition which that crisis manifested of the widespread will of the peoples for peace. They are hopeful that the efforts now being made to find a solution for the specific differences which are causing friction will meet with success. They recognize, nevertheless, that time is required for these forces to work, and that the possibility of further tension in the meantime must be faced. In this situation, the Government have considered that the uncertainties of the future, and the conditions of modern warfare, make it imperative that Canada's defences be materially strengthened.

That is no more than Canada's duty. Any thinking Canadian should have sufficient vision and national pride to understand that we must organize our defences in an orderly and worthy manner. Our title, or rather our status as an autonomous nation, does not imply that we have rights only; it means that we have duties also. Among our duties we must surely number the obligation to pursue the modernization of our defences and the efficient protection of our shores.

In all good faith, is it not beyond doubt that the organization of the defence of Canada is a necessity and a duty? Such was always the attitude and the conviction of all our political leaders, of all our statesmen, of

Macdonald, Galt, Cartier, Tupper, Brown, Thomas D'Arcy McGee, Chapleau, Laurier and their successors.

Canada is a nation whose autonomy is to-day more nearly complete than yesterday, and will to-morrow be perfect and final. Those who cast doubt on the status we claim as a nation cannot, at all events, deny that our vast and wealthy country should aim to win that fine title, that our destiny demands that we should make ready for the part expected of us, that our Canadians are too virile, too energetic, to limit their aspirations and disregard their obligations.

The appropriations required for national defence are nothing new. Their increase is explained and justified. All qualified men of good understanding are unanimous in their praise of what has already been accomplished, but we still have to speed up the reorganization of our national defence.

Our people are but imperfectly informed on the subject. Enjoying perfect calm and a peaceful existence, Canadians do not sufficiently understand their obligation towards national defence, an obligation common to all nations who would live and expand. We must all agree with Cartier: "A people cannot aspire to the status of a nation unless it has military elements and the means of defending itself." The obligation to defend the nation has a special claim on the attention of those at the head of affairs, since the science of government demands foresight. Our statesmen foresaw this national duty. It is imperative that the people should see it in its true light. We must therefore undertake popular education on that point.

I believe the fear of British imperialism still exists in certain circles, blurring the perception of some things. Like the majority of Canadians, I am, and have always been, opposed to military imperialism. But I should not like to see the opposition to imperialism smother all other sentiments in Canada, nor make of us such fanatics that doubt and suspicion could take root among us and breathe into us a fear of living which might arrest our progress towards full enjoyment of our national status, leaving us rooted to the spot through our fear of British imperialism.

As Canadians, we must be clear-sighted enough to perceive the obligations imposed by the future; we should be strong enough to accept those obligations fearlessly.

Do we not know that the times are past when the waters of the sea parted to swallow up the enemies of a nation guided through the night by a pillar of light and ceaselessly protected through the miraculous intervention

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of Jehovah? Rather does the God of Battles say to-day: "Heaven helps those who help themselves."

Our ancestors who fought with all their might, who even shed their blood in their battle for the liberties we enjoy to-day, meant to establish here a great and true nation.

Let us reread our history, let us study our constitution, let us listen again to all the statesmen who succeeded one another in the course of the last century, let us recall the different stages of our prodigious and speedy progress, and we shall conclude that the blossoming of our national life, with its new obligations, is only the continuation of the work set in motion by the fathers of our country.

If the Speech from the Throne is read with deep attention it is easily seen that it expresses anxiety regarding the fundamental forces of the country. Of course, the sessional program it reflects is concerned with financial and economic problems, but these result from the development of the spiritual force in the Canadian soul.

To apprehend its full force and consequences, it is necessary to read the speech from the national viewpoint, with a national pride, and the two together dictate our national duties.

In that spirit, Canada, to-day as in the past, intends to remain a British country, although fully conscious of all its liberties and all its responsibilities as a Canadian nation. Thus, Canada in its foreign policy has friendship for all, malice towards none, and in its domestic policy it pursues the development of the country and the prosperity of all Canadians in unity, order, moderation, peace and security.

Right Hon. ARTHUR MEIGHEN: Honourable senators, the debate on the Address in this House is never very lengthy. Indeed, here we do not seek to emphasize the importance of debates so much as the usefulness of other work that we try to do. An opportunity does come, though, in the motion for thanks to His Excellency for his Speech, to review the condition of the country, and particularly to measure the degree with which the Government has met the realities of that condition; and as well, perhaps, to offer some observations on what improvements might be made.

First of all, I congratulate the mover of the Address (Hon. Mr. Marshall) and the seconder (Hon. Mr. Prévost) on the speeches they have made to-day. I listened with much interest to the speech of the honourable senator from Peel (Hon. Mr. Marshall). I say to him that while his remarks had no relation whatever to any of the subject-matter of the Speech from the Throne, they covered a subject vastly more important than anything

touched on in that speech. I feel as if I had been neglected in not having received any of the information which the honourable gentleman has, regarding the new method of shipping Canadian cattle to Great Britain. That farm product is of vast importance to us all, and I say without qualification of any kind that if the new method is as successful as the honourable member deems it to be—and in this respect he quotes very high authority—then what he says is the most cheerful message for the farmers of this Dominion that I have heard in many a long day. I recall that years ago the same gentleman to whom the honourable senator made reference had hopes that there might be developed some method of chilling which would make possible the successful shipment of beef from Canada to Great Britain. Well do I remember with what pessimism the suggestion was received by another high authority in this Chamber, the honourable senator from Marquette (Hon. Mr. Mullins). So far the honourable senator from Marquette has been right. This new method, as I understand it, has not to do with what is usually known as the chilling process, but is some modification, which so far has proved successful, of the shipping process.

The outlook is not bright. I think it is well that a Government to which the honourable member is friendly was in office when he made his speech. Had it not been, I can imagine the changes he would ring, and I can imagine also where he would place the blame. I know what the honourable gentleman would say was all wrong, and the reasons he would give for the depression in agriculture. But now those reasons cannot be given, and he sets out in businesslike fashion to make some common-sense suggestions as to what can be done.

The wheat outlook is not good. Indeed, it is so far from being good that governments, not only in our own Dominion but in all the wheat growing and exporting countries of the world, are exercising their wits to the limit in an effort to think out some plan that will save the price situation over the next three or four years.

We have not made the success which we should have made of our hog production. I presume our failure is largely due to the drought in the West and the killings which became essential there. However, it is a disaster to the country, because the conversion of grains into bacon, where the bacon market is so ample as it is to-day and has been for some years—a market which we have not yet more than half filled—is certainly a much more businesslike process of disposing of our grains than any that has been suggested at those conferences of which mention has been made.

If the outlook for agriculture is not good, there is some reason. The reason is a universal one. There is no way of artificially raising the level of the standard of living for agriculturists. There is a way of artificially raising that level for other people: for labour, for example, through the union, and for people in other lines of production through the cartel. But these things cannot be made to work in an agricultural community. While the farmer thinks that some fiscal system is bearing down upon him and making him pay unduly for the products he has to buy, what is really bearing down upon him is the weight of a social system where others can raise their standards at his cost; for it is at the cost of the primary producer always that standards are artificially lifted.

I heard the Speech from the Throne, and I have read it. It is of extraordinary length. It has no other extraordinary feature. Speeches from the Throne have become pretty much electioneering pamphlets. They become more and more campaign literature as the campaign approaches; and this Speech from the Throne reads to me very much like a prolonged and painful effort of the Government to convince the country that the Government has a very high opinion of itself. Look at paragraph one, paragraph six, paragraph eight; note the subjects touched on and the skill of the hand that makes about each subject the assertion without any particular meaning, and the promise with nothing specific; then look back on other speeches, and you can see pretty well what has happened in the intervening time.

This speech, for example, says nothing at all about the trade of Canada. One would think we were not a trading country at all; the subject is never mentioned. But, of course, any intelligent person knows the reason why: trade has been going down; and things that do not read well for campaign purposes do not appear in speeches from the Throne. Our trade in the year past has diminished by some \$200,000,000 in exports and, I think, about \$90,000,000 in imports. There is no reason given for this decline. Of course, we know the reason: the trade of the world is pretty much contracted. But the subject escaped the notice of the draftsman of the Speech from the Throne.

He mentioned nothing at all about our revenues, although from time immemorial, if there was anything cheerful to mention, it always appeared in the Speech from the Throne. The reason for the omission, naturally, is that our revenues have been going down. They are less for the past year than

the year before, even though taxation of business concerns—which are the employers of labour—was about \$22,300,000 more. But though the total revenue was less, the expenditure managed to maintain the same robust virility with which it has progressed through all the decades: it was more than the year before.

And the speech omits altogether the Canadian National Railways. That distinguished entity does not appear on the pages of the speech at all—on any of the first five pages anyway. Well, one does not have to look far to know why that subject is entirely forgotten. It is because the Canadian National Railways have had one of the saddest years of their history. Without doubt, the deficit is going to be \$11,000,000 more than it was last year. I ask the honourable leader of the Government to watch now and see if it is not a couple of million worse than that, although it is only a few short months since we listened to some of their leading officers explain why the first three months' operating results were worse than their rival's and prophesy that an improvement would be made in the last nine months. The returns for the last nine months were worse than those for the first three. And whereas the Canadian Pacific net operating revenue is reduced from the year before by about \$3,900,000, the Canadian National Railways' is reduced by about \$11,800,000—almost four times the net reduction of the Canadian Pacific. Such is the story that is to be told this year, a story omitted entirely from the Speech from the Throne.

There is a euphonious reference to the laudable ambition of the Government to help the farmer and to the purchase of Western wheat, but the draftsman does not bother to attempt any estimate of what the loss will be. On present markets the loss would amount to something in the neighbourhood of \$60,000,000. If it does—no one can say whether it will or not; it may be more—if it does, we shall have no very great difficulty in calculating just how much further we are down the long, endless hill than we were a year ago.

Let us stop to inquire where all this is taking us, and what is to be the end of it. I think I understand the end. The Speech from the Throne has several paragraphs referring to unemployment. It tells all about the youth training movement. Honourable members will recall the statutes of about three years ago by which provision was made specially to look after young men and women, and in fact everybody else who had a vote. We have had considerable boastings lately of what has been done for our youth under this youth training

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movement. It is referred to even in this Speech from the Throne. The speech does not say unemployment is decreasing; it says there are fewer in receipt of government assistance than there were two years ago. Of course there are. One year ago we had somewhat better crops in the West, and therefore the need of those on relief in these farming communities is much less. But for the workers of our country the situation is virtually the same as when this Government came into office. The relief bills for the worker are substantially what they have been all along. I doubt whether they are not higher; that is to say, in the number of those to whom they are applied. You cannot go through the Dominion and find anyone who will tell you that the employment situation is getting better. All the hopes and prophecies of the Government have gone for nothing.

For years I have been trying to drive into the brains of members of the Administration, of members of the House of Commons, and especially of the people of the country, the only way we can assist unemployment and strengthen our public finances. There is no way of taking care of unemployment in a free country except the multiplication of industry and the consequent increase of employment. Unemployment can be taken care of in another way in Germany, in Italy, or in Russia; and it is. If the people are regimented, placed where they are told to go, put into the army here and into munition plants there, directed by the Administration, the unemployment problem can be cured; wages and work can be got for all. But work cannot be got for all on the union scale. Wages are not paid then on any basis dictated by the power of labour. The freedom of the subject is gone. The price paid for the removal of unemployment is a high price—a price which we all hope and pray will never be exacted from people of the Anglo-Saxon race. But if we are not willing to submit to strait-jacketing, then we can cure this problem in one way, and one only: by turning on the green light to industry, by enabling and encouraging people to get into this or that line of enterprise—by providing outlets for courage and for industry. These are found always if conditions are such that people who embark on any enterprise can make it go, and will not be hounded down by taxation once they start. There is plenty of money in the country now. When the country puts out a loan it is over-subscribed. Two or three days ago we had a loan subscribed several times over. Why is the money on hand? Because people are afraid to let money go elsewhere. It is the same across the line.

Let us not imagine, as the draftsman of this speech, the Prime Minister of this country, appears to, that the Government themselves by lending money to a municipality to build a town hall, or by helping a bank to lend money to somebody to improve his house, or by itself building some stately structure in some city, or by lending money to build terminal facilities somewhere, are ever going to cure unemployment. Such expedients may produce a temporary effect. You have only to look across to the south to appreciate the results. In the last five or six years the Government of the United States have spent twenty-five thousand million dollars that very way in an effort to reduce unemployment. Where are they to-day? Will any honourable member answer the question? Have they moved the length of their own legs to solve the unemployment problem of the United States? I do not think they have gone as far towards a solution as we have with our problem—and we have not moved at all.

Put out to-morrow another loan of the Dominion of Canada or the province of Ontario: it will be over-subscribed too. The rate of interest will go down. The American Government are even borrowing at less than nothing. In the United States men are subscribing over \$100 for loans of \$100 with no interest at all, because in that way they save taxes on deposits. The American Government are taxing here and taxing there, increasing this tax and that, until the burden of taxation has become so heavy that people are trying to get their money into some place where it will not be stolen. Are we not doing much the same, though in a lesser degree? The outcome will be that anybody who has anything will have it in Government bonds that are worthless, or in Government money that also is worthless. We are bound to reach such a situation, and there is no other place we can reach, unless we turn around. Our bonds cannot be any good unless industry can operate to pay the interest on them. We must bring our expenditure below our income. Conditions must be such that a man of enterprise and courage can see something ahead. Until you bring about such conditions you will never cure unemployment; the same story will be repeated year after year. Since coming into power you have not advanced an inch nearer the solution, and at the present rate you will never solve the problem.

When, at the opening of the House to-day, the leader of the Government read a statement to the effect that the Government of

Canada never interfered with the independence of the Broadcasting Corporation, the thought occurred to me: would that that principle applied to the Board of the Canadian National Railways! I say this because I hear on every side that the Government are, in effect, going to direct that board to start new terminals in Montreal at a cost of millions. Did not a minister of the Crown, did not two ministers of the Crown, in a recent by-election in that city promise the electors of St. Henri that the new terminals would be built by the Government, or under the authority of the Government, or that the Government would see that they were built? The leader of the Government cannot deny that. Is that leaving the National Railways to an independent board? That brings politics into the C.N.R. It is bad enough without politics. Imagine trying to solve the unemployment situation by building new terminals in Montreal! You are following the path taken by the United States.

The railroad business is a diminishing business. It cannot be anything else. The hand of the monster of economics is on it, and it cannot help going down. I do not say it is going to become extinct; it will always be a great business; but it cannot occupy the paramount position it occupied in years gone by. Competition becomes keener year after year. We are making it more difficult for the self-sustaining road. All that we have done for years has been nothing but a challenge to the money invested in that road. Now we are going ahead to erect big terminals in Montreal, where nobody is suffering without them. Millions are to be spent for a system whose business from this day on is bound to go down in relation to that of its competitors. And this is to be done in the name of unemployment assistance.

The policy the Government is pursuing is just the policy of drift. It may be the one that will lose the least votes. I do not know. I never was much of a judge of such matters. But I do know that this policy must be reversed or the unemployment problem will never be sensibly attacked in this Dominion of Canada. You must start in a new role, so that you may have a balance. You must reduce debt so that you may get things done. You must make it possible for people to get something if they put their money into the employment of labour instead of hiding it in a Government bond. Do that and you may make a start in solving the unemployment problem.

Sometimes I think it would be better if these loans, instead of being welcomed by the investing public, were ignored. I am not

sure that Alberta is not in as good a position as any province. The reason is that the Government of Alberta killed or slaughtered the credit of that province. If they could not borrow, they could not spend; therefore their cash position may now be the best of any. If something similar happened this Government, our position in a few years would be better, not worse. I am not giving credit to the Aberhart administration for what they did. I cannot think of anything more stupid. But it had this effect: it paralysed their borrowing power and made them live more economically. It is true that they put on more taxes. If they would keep their taxes down and reduce their Government charges, Alberta would be the most prosperous province in this Dominion. That I say only by way of illustration.

I come now to another subject. I shall not have much to say about it, for I have talked about it in years gone by and have nothing new to add. The Speech from the Throne refers to the necessity of increasing our defences. Two or three of its paragraphs are very manifestly directed to the conciliation of those elements of our population who are against war expenditure of any kind. The Government have been convinced by the developments of recent months—and likely the process of convincing them has been going on since long before—that more must be done in the way of defence expenditure and preparation than we have been doing in the past. I am in accord with that view. Undoubtedly we have to do more, and undoubtedly this expenditure—an expenditure which employs—cannot be avoided. I shall offer no resistance to the plans of the Government in this regard, but shall welcome them. However, from reading the Speech from the Throne one would think that if we just spent five millions more here and five millions more there in the way of defence, or maybe ten or twenty millions more, we should be safe in this little home of ours; that as we were taking care of the situation, we could look after ourselves, bid defiance to the world, and sleep at night. The Government do not believe that for a minute.

Hon Mr. DANDURAND: They do not say that.

Right Hon. Mr. MEIGHEN: No, but that is implied. There is not a reference to co-operation. There always was in days gone by. Up to five years ago, in any reference to defence, the principle of co-operation with real defence was the feature emphasized. But this Government do not emphasize it. Why? Why all this hypocrisy? Why all this pre-

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tence that we are going to look after our own defence? The leader of the Government knows we never did so and never can.

An Hon. SENATOR: Hear, hear.

Right Hon. Mr. MEIGHEN: There is no such thing as a separate defence of our country. I ask again, why all the hypocrisy? We have to do our part, it is true—

Hon. Mr. DANDURAND: Why does the right honourable gentleman speak of hypocrisy when he approves of the expenditure that is going on?

Right Hon. Mr. MEIGHEN: Certainly I approve of expenditure to strengthen our defences; but only to the extent that the money is used in a policy directed towards co-operation with the real defence of this country is the expenditure justified. Therefore there should be reference to that co-operation. When the hour of trial comes we cannot defend ourselves. We never did and never dreamed that we could. Why can we not say we are working in co-operation with that great country which has been our defence all through the life of this Dominion of ours?

I know why the Government do not say it. They know it; everyone, I think, knows it. Did we not have the Prime Minister last September issuing a statement telling of the terrible anxiety and the terrible toil through which he had passed, and the immense amount of work he and his officials had done during the crisis of that month? I can realize that he went through days of anxiety. I do not know what days of toil he could have gone through that necessitated three weeks of recuperation in the Caribbean. If there was toil, let us know what decisions were arrived at. What was the harvest of that toil? Tell us what the Government decided to do. Did the work consist merely of decoding cablegrams from England? If it did not, there must have been products of the toil and the deliberations that almost wrecked the Prime Minister. Let us know what those products were.

I said I could understand the anxiety. Why was there anxiety? Nobody was threatening war on Canada. Then why the anxiety? The anxiety was felt because the Prime Minister knew, the leader of the Government in this House knew, every member of the Government knew, that a peril to the power of England was a peril to us. They knew there was peril in the whole atmosphere of Europe, and the peril to Britain's power was a peril to the security of Canada. I do not wonder that the Prime Minister was worried,

and I do not begrudge him his rest in the Caribbean. But the reason of the worry was as I have stated it just now. Why do we keep on parading ourselves as capable of looking after the interests of Canada? Why this parade in every line where defence is mentioned in the Speech from the Throne? It is not the truth. We know it is not the truth.

The Speech says also that though we are getting ready to defend ourselves, we are making friends with other countries. The inference is, no doubt, that if we succeed well enough in making friends with those countries they will not attack us. But with whom are we making friends? First, with the United States. That is quite right. But who ever was afraid of the United States attacking us? We are making friends in a trade way with Great Britain. That is quite right. There is no treaty referred to anywhere else. The rest of the situation remains just as it was: the danger stays just as it was.

I read a speech the other day by one of the senators here—the honourable senator from Inkerman (Hon. Mr. Hugessen). I was appalled to think that such a deliverance could come from an honourable member of this House. I was appalled that we, a portion of the British Empire, a portion of democracy whose first line of defence is the Old Land, should proclaim it our duty to run to the coat-tails of Uncle Sam and tell him that if he will lead we will follow.

I suppose the Government are in constant touch with the British Admiralty and with the British War Office. I beg the Government to tell us frankly that they are taking part in Empire defence; that they are interested in the security of Britain, for they are and must always be; that they are interested in the security of France, and that in the defence of democracy they will not wait until three-quarters of its defences have gone. Let us talk common sense. Let us make use of the instincts of honour and the compulsions of reason that we believe in, every day of our lives, and apply them to these matters of life and death. That is what we are not doing. I am only too eager for Canada to do its share—do all it can. We know we cannot do everything, but we can assist the Old Land in certain ways. We know we are interested tremendously in her strength; that that strength shields us as nothing else can shield us. We ought to stand up frankly and so declare, and so teach our people in every province of this Dominion, instead of trying to conceal it as we are doing day by day, and as is manifestly attempted in this Speech from the Throne.

That is the appeal I make to the leader of the Government. On the facts he cannot have any other opinion than that which I have expressed. He has never given expression to any other opinion, nor has the Prime Minister. Why not be frank about it all? Why continue to have the fact cloaked under this smoky atmosphere of independent defence by ourselves, something we know we are utterly incapable of, something we never professed before, and which we know we cannot possibly develop in days to come?

I have no more remarks to make about this Speech from the Throne. I close by suggesting that when the Senate resumes after the coming adjournment we reappoint the committee which at the end of last session was drawing to a close its labours with respect to our railway problem, and that we seek to get that phase of our work effectively done before we address ourselves to the major work of this session.

I promise the leader of the Government to co-operate with him to the utmost and in the friendliest way to make this one of the most useful sessions in our history.

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

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

THE SENATE

Wednesday, January 18, 1939.

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

Prayers and routine proceedings.

THE GOVERNOR GENERAL'S SPEECH ADDRESS IN REPLY

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

Hon. RAOUL DANDURAND: Honourable senators, I desire first to thank the mover (Hon. Mr. Marshall) and the seconder (Hon. Mr. Prévost) of this Address for the very informative speeches which they have delivered in this Chamber. I must thank the honourable gentleman from Peel (Hon. Mr. Marshall) for having given us information of a kind which very few members of the Senate possessed. I always feel that this House is

the better for any positive information, technical though it may sometimes be, that falls from the lips of members of this House. I may say also of the honourable gentleman from Mille Iles (Hon. Mr. Prévost), a highly cultured journalist of my province, that I am always delighted to hear his remarks, because both the matter and the form are excellent.

I desire to join with the honourable gentlemen who have spoken before me in assuring Their Majesties that they will be welcome among their Canadian subjects. I am quite sure that their reception in this country will be quite as warm as that which was extended to them by Great Britain's ally, France, last summer. The general opinion in Paris was that this young couple who adorn the Throne were particularly attractive to everybody because of their simplicity and charm. They have already conquered the hearts of all the members of the British family with whom they have been in contact, and they have won the esteem and admiration of all communities outside of Great Britain which they have visited. I am quite sure that in Canada, from the Atlantic to the Pacific, they will be received with open arms.

The international situation in Europe—and, I might add, in Asia—is still quite beclouded. When the Rome-Berlin axis was proclaimed, whereby the Germans were allowed to invade Austria, one naturally wondered what payment Mussolini had been promised by Hitler for the assistance he was to receive from Rome. We all knew that Mussolini, a practical politician, would expect some return for the permission he had given the Germans to come as far as the Brenner Pass, which borders upon Italy. I felt that the compensation expected would be substantial, and, as I had a fair knowledge of the situation in northern Africa, I knew that Mussolini had his eye upon Tunisia, which I visited two or three years ago. A French newspaper stated that it was clear the Fuehrer had paid Italy with a blank cheque or draft on France. Mussolini's problem is to cash that cheque, and perhaps he will find that more difficult than it was for Germany to threaten to invade the Sudeten district.

The Italian policy of aggression seemed quite clear to all those who could read the newspapers. When the French Ambassador in Berlin, Mr. François-Poncet, was transferred to Rome, he was received not merely with coolness, but in a most unusual manner. In fact, he was told that he was not needed in Rome. We all knew, of course, that such a statement appearing in the Italian press could not have been made without the authorization

of the Italian Government. In order to frighten Great Britain while Italy was asking that her aspirations be allowed, her partner, Germany, announced a desire for parity with Great Britain in the matter of submarines, just as Mussolini had announced mobilization during the crisis of September last. To those who knew the game being played by Rome and Berlin it was evident that these were threats to Great Britain or France.

The question is, what will the morrow bring? The third ally, Japan, has lately become quite defiant, even towards the United States. Will Hitler and Mussolini decide upon a throw of the dice before Great Britain has fully re-armed, and risk their all during the present year? That is the question. The United States are arming in haste. The repeal of their Neutrality Act would be enough to sober the would-be aggressors.

It is the duty of Canada to strengthen its own defences. The Speech from the Throne explains the necessity of increasing the appropriations for defence in order to safeguard this country from danger of attack. I must say I was most surprised to hear my right honourable friend (Right Hon. Mr. Meighen) state with some vehemence that while he would not object if we spent millions here or there for defence, it was sheer hypocrisy to give the people the impression that this country could thereby be protected against assault, for everyone knew that Canada could not protect itself without co-operation. He declared the Government did not dare to say that it would co-operate with Great Britain for the protection of Canada. My right honourable friend at times uses harsh expressions which serve as headlines in friendly newspapers, but are quite beyond his sober judgment, I am sure. He must smile at times to see the effect of his big words on the press, or sections of the press, of this country.

The Government is organizing its defences to meet any emergency. It does not know what might be the circumstances it would have to meet. It does not know in advance with whom it would have to co-operate. All it knows is that it must protect this country against any attack; and attacks naturally would come from the Pacific or the Atlantic.

The right honourable gentleman did not state what would be Canada's obligations and those of Great Britain under an agreement which would have to be reached, as suggested in 1885 by Sir John A. Macdonald. He did not state what would be the measure of our co-operation. He did not state who would dictate the policy, which might lead to war. Does he expect that Canada will agree to dance to the tune of any British Government, be it Tory, Liberal, Labour or Socialist; that

Canada, whether it approves or not, will have to say yes? Does he say that when the policy is shortly afterwards reversed by the people of Great Britain at the polls we are to be obliged to say "Amen," and that when there is a shift to the original position we are to submit to whatever may be the result of this changeable and uncertain policy?

Within a period of five years I witnessed the double somersault of three British governments. In 1924 the Government of Ramsay MacDonald agreed to sign at Geneva the optional clause with respect to compulsory arbitration of matters of a legal or justiciable nature before the International Tribunal at The Hague. Canada was favourable to that policy, and said so. Two months later the people rejected the MacDonald Government at the polls, and the Baldwin-Chamberlain Government discarded that optional clause respecting compulsory arbitration. Canada had to mark time, but became impatient of delay, and our Prime Minister declared at the session of 1929 that we would proceed to adhere to that optional clause after notifying the members of the Commonwealth. In June of that year the Baldwin Government was defeated, mainly, as I was told, on its international policy at Geneva, and the Ramsay MacDonald Government, which was again returned, signed the optional clause. Now, I ask the right honourable gentleman, would his plan of co-operation force Canada to be at the beck and call of every wabbling British government? Are we reverting to the status of a Crown colony?

I have heard many statements from men of note indicating that history will be severe on the uncertainty of the policy of Great Britain since 1920. Some three or four years ago a brilliant British journalist said to a Frenchman who was confessing that France had very unstable governments: "That is so, but you have a stable policy. We have a stable government, but no stable policy."

At times my right honourable friend has allowed his imperialism to carry him to extremes. In his famous Toronto speech in 1922 he was even ready to follow that unreliable Welshman, Mr. Lloyd George, who wanted Canada to send troops to Chanak to defend the Dardanelles against the Turks. If my right honourable friend had been at the helm would he have said "Ready, aye ready" without consulting Parliament? At times he recognizes the supremacy of Parliament and is even ready to consult the people as to the extent of our contributions to Great Britain's wars. The right honourable gentleman went from Toronto to Hamilton.

I may say that on this question the Liberal policy has not varied from the time of Sir Wilfrid Laurier's pronouncement in 1910, which affirms the authority of the Canadian Parliament in the matter of our co-operation in a conflict which does not affect Canada directly, and to-day the Prime Minister, Mr. King, reaffirms the sole authority of the Canadian Parliament with regard to our participation in any such conflict.

The Speech from the Throne declares that it is the duty of Canada to strengthen her defence. She must do so in order to face two possible contingencies: first, to defend our neutrality, if the United States be involved; second, to resist attack resulting from an embargo which Canada may decree with respect to a state which is an aggressor against the Commonwealth. President Roosevelt has said as much for the United States. That country and Canada, with or without their signatures to the Briand-Kellogg pact, could not do otherwise, nor less. They could not submit to becoming accomplices of an aggressor.

Canada's expenditure is exclusively for defence. It involves or implies no question of military expeditions abroad. The present Prime Minister has repeated that statement more than once on the floor of the House of Commons; and lately the preceding Prime Minister, Mr. Bennett, expressed the same view at, I think, Calgary, if not at Edmonton or Vancouver. Of course, Parliament remains supreme, and it may decide otherwise. My right honourable friend (Right Hon. Mr. Meighen) has suggested a most important safeguard, for fear that Parliament may not represent public opinion. His suggestion is that an appeal be made to the people. Here are excerpts from his Hamilton speech of November 17, 1925. I take these from the Montreal Gazette, and if he desires that his full statement be quoted I will put it on Hansard. He said:

I do not anticipate that we of this generation will ever be called upon to take part in war again, and I earnestly hope that our children and our children's children may be free from the curse of war, but if ever the time should come when the spectre of 1914 should again appear I believe it would be best, not only that Parliament should be called, but the decision of the Government, which, of course, would have to be given promptly, should be submitted to the judgment of the people at a general election before troops should leave our shores. This would contribute to the unity of our country in the months to come and would enable us best to do our duty.

Further on he repeats the same view in another form:

I have myself not the slightest doubt that if danger threatened Canada again, this country would respond as it responded in 1914, but I believe in future it will be best for all that before a Government takes a step so momentous as the dispatch of troops the will of the people should be known. Canada wants peace, the whole Empire wants peace, and our policy will be directed to that goal.

My right honourable friend suggested consultation of the people because, in his own words, "This would contribute to the unity of our country in the months to come, and would enable us best to do our duty." I fully agree with that view of my right honourable friend, except that instead of a dissolution of Parliament I should prefer a referendum.

I believe that sufficient attention has not been given to the words spoken by the Prime Minister at Geneva in 1936. In his speech before the League of Nations, on September 29 of that year, he said:

What I have said and quoted does not mean that in no circumstances would the Canadian people be prepared to share in action against an aggressor; there have been no absolute commitments either for or against participation in war or other forms of force. It does mean that any decision on the part of Canada to participate in war will have to be taken by the Parliament or people of Canada in the light of all existing circumstances: circumstances of the day as they exist in Canada, as well as in the areas involved.

I was near the Prime Minister at the time he spoke, and I knew the importance of those words.

My right honourable friend has suggested consultation of the people, to maintain the unity of the nation. There is hardly any doubt that if to-day or to-morrow a Government decided to recommend to Parliament the sending abroad of expeditionary forces it would find itself with a Rump cabinet when facing Parliament, and that, surely, would not make for unity. The only alternative would then be the policy propounded by my right honourable friend, an appeal to the people.

My right honourable friend and I, in supporting that policy, are but echoing the opinion of the old chieftain, Sir John A. Macdonald, who refused to send troops to Egypt in 1885 and would undoubtedly have sent them only in response to a pressing demand or mandate from the people. In a letter to Sir Charles Tupper, dated March 12, 1885, he stated the Government thought the time

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had not yet arrived, nor the occasion, for our volunteering military aid to the Mother Country. He added:

We do not stand at all in the same position as Australasia. The Suez Canal is nothing to us, and we do not ask England to quarrel with France or Germany for our sakes.

Mark these following words:

Again, the reciprocal aid to be given by the colonies and England should be a matter of treaty, deliberately entered into and settled on a permanent basis. The spasmodic offers of our militia colonels, anxious for excitement or notoriety, have roused unreasonable expectations in England, and are so far unfortunate.

Honourable senators will note that problems referred to by Sir John A. Macdonald are still with us, unsettled. But there is one point that has never been in question: the defence of our country if ever attacked.

Now I come to the trade agreement with the United States of America. It provides wider markets for our Canadian products, and involves an important revision of the Canadian tariff structure. It will lead to a much greater reduction of taxes on trade than has ever before been attempted. Modification of existing Imperial agreements was agreed upon between the United Kingdom and Canada. The intra-Imperial convention was terminable in August, 1940, and the convention of 1935 with the United States was terminable December 31, 1938. The new conventions ensure that the benefits accruing to Canada, to producers and consumers alike, will continue for a longer period of time.

The Speech from the Throne refers to measures taken to cope with unemployment. Our constitutional limitations have hampered long-range remedies, but within the scope of our jurisdiction the Government have not failed in their duty, as is shown by the measures they have adopted and applied. I draw the attention of the Senate to this paragraph in the Speech from the Throne:

The Dominion Government have taken active measures to stimulate private employment through the Home Improvement Plan, the National Housing Act, and the Municipal Improvements Assistance Act. Under these measures certain local taxes have been assumed, and loans made to individuals, organizations and municipalities. The sales tax has been eliminated on important building materials. Special aid has been given to the mining industry by subventions, tax exemptions and improved transportation facilities. At the same time, direct employment has been increased through a substantial expansion of federal public works, and through assistance given to the provinces in the construction of highways, for land settlement, for special projects for farm employment and for forest conservation.

My right honourable friend (Right Hon. Mr. Meighen) complains that our economic situation has not improved, and that our unemployment problem remains unsolved. He contends that a policy should be propounded which would permit the wheels of industry to revolve faster. Money is in the banks, he says, because the people are afraid to utilize it for further production. But he fails to indicate where consumers would be found for increased production. As everybody knows, Canada is an exporting country. My right honourable friend admits the contraction of foreign markets, a condition for which we are not responsible. Whenever a larger demand occurs for goods in any line of business the producer is always eager to respond to it and to provide a supply.

I submit that my right honourable friend takes too gloomy a view of the situation. I would point out to him that ninety per cent of our employable people are at work, that a majority of industrial and financial corporations are paying dividends, and that our bank presidents are less pessimistic on the outlook for 1939. I should like to read to the House a statement which has just been made by Sir Edward Beatty, and which appeared in the Ottawa Journal of last evening. Sir Edward says:

The year 1937 had been encouraging in many particulars. Employment, production, and export trade had made reassuring progress, and within reasonable limitations there seemed every prospect that the pace of economic betterment would accelerate through 1938. An added favourable factor was greatly improved moisture condition in the West, with resultant heavier yields of grain for many years past.

A survey of the formidable array of statistics that would adequately present the story of Canada's business for the past year would contain many bright spots; in fact, enough of them to warrant the assured conviction that nothing is wrong with the country itself; that what is most needed to assure its prosperity and continued development is world peace coupled with a resumption of international trading, and it is difficult to believe that these conditions will not eventually arrive.

We in Canada are necessarily dependent on economic conditions in Europe and in the United States, and are not able to influence these to any great extent. We shall always find our domestic affairs affected by the conditions in the countries with which we have intimate business relations. Most certainly, however, there is much we can do in the way of placing our own house in order and in laying the foundations for a business recovery sound and broad enough to be long lasting and to be reflected in the economic lives of all classes of our people.

I desire now to say a word concerning Canadian National Railways expenditure. Apropos of what I am about to deal with,

may I cite the conclusion of the paragraph which I have already quoted, in part, from the Speech from the Throne:

At the same time, direct employment has been increased through a substantial expansion of federal public works, and through assistance given to the provinces in the construction of highways, for land settlement, for special projects for farm employment and for forest conservation.

And this further paragraph:

To this end it is proposed further to expand the Government's long-range program of public undertakings.

The intimation by the Government that they intend to ask for a further vote of \$12,000,000 to continue work on the Montreal terminal of the Canadian National Railways has drawn the attention of the country to the importance of this expenditure. I may say that upwards of \$15,000,000 has already been expended on the terminal. Not only has interest to be paid on that unproductive expenditure, but until the work is completed the great metropolis of Montreal is without the terminal facilities which it had expected from the Canadian National Railways. The only way to get a return for that large expenditure is to carry the work to completion. After very careful consideration the Government have decided to do so. I may say—and this may represent part of the answer to a question which is on the Order Paper—that the contribution by the Government is intended primarily to cover labour costs. The rest will be furnished by the Canadian National Railways.

Right Hon. Mr. MEIGHEN: It will not cost anything!

Hon. Mr. DANDURAND: In carrying on this public work the Government, as I say, are desirous that the expenditure shall be primarily for the purpose of alleviating unemployment. What part of the expenditure may be attributable exclusively to labour, the material being furnished by the Canadian National Railways, I cannot say, but no doubt this will be disclosed when the vote is before the Commons.

Now, it has been said that this expenditure is useless, because an alternative scheme would be less costly. I have asked the Canadian National Railways management to give me their reasons and justification for the expenditure, and I will read the communication which I have received from them:

To remove misconceptions regarding the Montreal terminal improvement of the Canadian National Railways, it appears to be desirable to deal more fully with some of its features.

It is the considered judgment of the Canadian National Railways that the best interests of the railway and of the public will be served by a co-ordination of the terminals of the company at Montreal in the manner decided upon. No engineering project has been more fully examined than that for the creation of a Central Station on the Dorchester Street site.

The substitute plans for taking the lines of the Canadian National into Windsor Street station were also closely studied by independent engineering authority and found to be incompatible with securing the efficiency and economy sought for, and providing for the growth and development of the city.

Of all the plans which have been put forward at various times to solve the grade separation and railway transportation problem of the city of Montreal, the Canadian National plan was the one which was selected by that eminent engineer Sir Frederick Palmer, M.Inst.C.E., M.Am.Soc.C.E., as being the best adapted to the requirements of the city.

It will be recalled that when there was submitted to the Government an alternative plan based on the use of Windsor Street station the Hon. C. A. Dunning, then Minister of Railways and Canals, decided to obtain the best available independent engineering advice, and Sir Frederick Palmer, who had wide experience in the development of ports and terminals in various countries, was selected. After examining in all twenty proposals, he reported to the Federal Government that the Canadian National terminal plan was the one best adapted to the requirements of the city. Sir Frederick stated:

"It is believed that every one of these proposals has been carefully considered (certainly all the known proposals have been examined), and it is no disparagement to even the best of these schemes to say that the C.N.R. plan, which has resulted from prolonged study of the question in all its aspects by the extremely competent officials of that railway, is incomparably the best."

In the concluding remarks of his report, dealing with two last-minute alternatives, Sir Frederick said:

"The purpose for which these two belated proposals are submitted is not understood. There is nothing to recommend one or the other, and it is obvious that they are 'compromise' suggestions, in which the true needs of Montreal are sacrificed to vested interests. The only lesson to be learned from them is that if they represent the best that can be devised as alternatives thereto, the Tunnel proposal stands without a real competitor."

Before reaching a decision to recommence the work on the terminal, on a modified plan, the whole situation was again reviewed by the Canadian National, and the conclusion was reached that judged from the requirements of the railway for improved and co-ordinated terminal facilities as well as the relationship of terminals to the development of the community, the Central Station plan should be held to.

In considering the possibility of using Windsor Street station it became evident that only a portion of the trains could be routed into that station without a serious increase in mileage and slowing down of schedules. The problem of trains from the west presented

little difficulty, but the routes of all trains from the east using Bonaventure Station would have to be increased by twenty-one miles and passengers on these trains, after coming within sight of Montreal at St. Lambert, would have to be taken twenty-six miles by a circuitous route to cross the St. Lawrence River at Caughnawaga. It is also impracticable to make use of Windsor Street station for the Canadian National trains which presently use Tunnel terminal and McGill Street. Joint studies in 1933 developed that the use of Windsor Street station, even to a limited extent, would involve an expenditure of \$6,000,000 for the station and coach yard and the almost certain expenditure of an additional \$2,000,000 for grade separation, with the further knowledge that any substantial increase in passenger traffic would lead to a further expenditure of many millions of dollars. These expenditures instead of affording an opportunity of improving railway service into Montreal would actually deteriorate it.

From the wider aspect of the city and travelling public the expenditure of money to enlarge the Windsor Street stub-end station and to force all railway passenger traffic entering the city, except from the west, to make a roundabout circuit to reach it, would be unjustifiable. On the other hand, the Central Station is well located to serve the requirements of the C.N.R. or of a union terminal if such should be decided upon. Expenditures upon it would at all times fit into the development of the city on broad regional lines and insure the handling of traffic in and out of the city with the greatest degree of expedition. It is perhaps not generally understood that, as compared with Windsor Street station, the use of the C.N.R. Central Station shortens the distances to northern, eastern and southern points.

The conclusion is unavoidable that to spend money at this time trying to adapt Windsor Street station to the larger requirements of the city would be unjustifiable, whereas money expended at present in accordance with the general plan which received the approval of Sir Frederick Palmer as being the best adapted to union terminal requirements, taking the long view, would be wisely expended. Sir Frederick summarized this aspect of the situation by stating that for various reasons, set out in detail in the report, "Windsor Street, besides having other disabilities, is not in reality a Union Station. The Tunnel site, on the other hand, possesses every attribute which a Central Station can have."

The plan of the Canadian National consists of more than the provision of a central passenger station which could be adapted as a union station. The plan is a solution of the problem of co-ordinating disconnected terminals of the Canadian National at the Tunnel terminal, Bonaventure and McGill Street, so that the operations can be carried on more satisfactorily than at present, and also to enable the railway to meet the growing industrial requirements of the city and alleviate the grade crossing problem to a great extent. Convenient and expeditious freight service, although not so noticeable as passenger service, is of even greater importance in aiding in the development of the city.

When the Bonaventure Station area has been relieved of passenger traffic, it will be possible to make much needed improvements in that

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area by modernizing the freight facilities, including the provision of modern freight sheds. Provision for industrial warehouses with rail connection in the area between St. Henri and Bonaventure will also be possible as traffic requirements warrant. The removal of the coach yard from St. Henri area to the Point St. Charles area will permit of the re-arrangement of the main freight yards at Turcot, which will result not only in a very substantial economy, but will also enable the traffic in and out of Montreal to be handled more expeditiously. It will also be possible to construct a second highway on the portion of the Victoria Bridge which is now occupied by the Montreal and Southern Counties Railway. This will afford an improved highway approach to the city and to the South Shore communities. Increased opportunities for traffic will be created by these measures, and substantial economies will be effected.

Among the economies which will result are the consolidation of passenger stations, the shortening of distance run by all passenger trains from the east and south, a saving in switching costs, economies from the operation of a modern coach yard for passenger rolling stock and economies from the use of electric traction for passenger trains and switching movements.

I hope this explanation will be satisfactory to honourable members, in view of the railway necessities of the city of Montreal and the opportunity of providing work for unemployed in that city.

MOTION TO ADJOURN DEBATE

Hon. Mr. CALDER moved adjournment of the debate.

The Hon. the SPEAKER: Is it your pleasure to adopt the motion?

Right Hon. Mr. MEIGHEN: I want to be quite frank. I asked the honourable senator to move adjournment of the debate because I wished to speak.

Hon. Mr. DANDURAND: If that is so, I would suggest that my right honourable friend should not do violence to the rules of the House. At a later date he can, on a substantive motion, lay before the Senate his views on some matters which he dealt with in his speech yesterday and which I answered this afternoon. If, however, he does speak again now, I shall surely be entitled to reply.

Right Hon. Mr. MEIGHEN: Quite so.

Hon. Mr. DANDURAND: There is then no end to debate.

Right Hon. Mr. MEIGHEN: Oh, yes, there is an end. I should not object to the honourable gentleman replying right after I sit down. As the honourable leader made very special references to me in regard to certain incidents of the past,—

Hon. Mr. DANDURAND: I was answering my right honourable friend.

Right Hon. Mr. MEIGHEN: Yes;—I have a right to speak on the motion to adjourn the debate, and also on a motion to adjourn the House.

Hon. Mr. DANDURAND: I do not for a moment desire to limit whatever rights the right honourable gentleman may have, but I felt that for the proper conduct of our business honourable members should be able to continue the discussion—

Right Hon. Mr. MEIGHEN: Yes, everybody can speak on this motion.

Hon. Mr. DANDURAND: But does my right honourable friend intend to speak now?

Right Hon. Mr. MEIGHEN: Yes, right now.

Hon. Mr. DANDURAND: I do not see that, under the rules, my right honourable friend can do so.

Right Hon. Mr. MEIGHEN: May I explain? On a motion to adjourn the debate anyone can speak and cover all the subject-matters of the original motion. That could always be done in the other House until the new rules came into effect in 1913—rules, which, of course, have never applied here. I am not trying to get any advantage for myself: the honourable leader can speak, any other member can speak on the motion.

Hon. Mr. DANDURAND: On the motion to adjourn the debate?

Right Hon. Mr. MEIGHEN: Yes.

Hon. Mr. DANDURAND: Then debate would be interminable.

Right Hon. Mr. MEIGHEN: We could keep at it; but there is no danger of our doing so. I just want to put myself in order; that is all.

Hon. Mr. DANDURAND: Does my right honourable friend desire to speak now?

Right Hon. Mr. MEIGHEN: Yes. I shall not take very long. I am quite within my rights; I am not asking for any favours.

Hon. Mr. DANDURAND: I do not see it in that light. I have always taken it for granted that on the Address, as on other matters, a member who has spoken may not take part in the debate again, except by way of explanation or to ask a question.

Right Hon. Mr. MEIGHEN: It is a new motion.

Hon. Mr. DANDURAND: My right honourable friend has exhausted his right to speak. Otherwise the reasons for the rule disappear, since there can be no end to a discussion that may be re-opened and repeated by the same parties.

Right Hon. Mr. MEIGHEN: But you cannot have two motions to adjourn with nothing intervening. Explanation is unnecessary, but I should like to cover the point in the mind of my honourable friend. A motion to adjourn debate can be made at any time, but after that motion is defeated something must intervene before another such motion can be moved. This was the rule in the Senate, and indeed in the other House before the closure went into effect. The closure prevented any debate whatever on a motion to adjourn. Without it there need never be an end to any debate; you could carry it on for the whole summer. That is why the closure rule became necessary in the Commons. It never was necessary here. Our rule, as I apprehend, is exactly the same as that in effect in the other House before the rules there were altered. Anyone can speak on a motion to adjourn debate.

Hon. Mr. DANDURAND: I would draw attention to Rule 35, which says:

No senator may speak twice to a question before the Senate, except in explanation of a material part of his speech, in which he may have been misconceived, and then he is not to introduce new matter.

Right Hon. Mr. MEIGHEN: That is all right. I am speaking on another motion now.

I am not going to review the entire speech of the honourable gentleman. About two sentences will be all that will be necessary with respect to the first part. I recognized, I thought, the verbiage of the memorandum which the honourable gentleman read in reference to the proposed Canadian National expenditures in Montreal, and I want to put myself on record as saying that any board of the Canadian National Railways which will permit its policies and proposals to be first announced by ministers of the Crown for the purpose of winning by-elections is allowing itself to be known from then on as a mere pawn of a government party.

Hon. Mr. DANDURAND: When was that done?

Right Hon. Mr. MEIGHEN: In the St. Henri by-election, for the first time, by two ministers of the Crown. Any board which permits that, or any group of officials, is not entitled to be seriously heard in Parliament from that day on.

Hon. Mr. DANDURAND.

Hon. Mr. DANDURAND: I should like very much to have the statement as it fell from the lips of the ministers. My right honourable friend will quite understand that in any discussion on the platform a minister may say—

Right Hon. Mr. MEIGHEN: Right in the campaign the promise was made by two ministers of the Crown that the terminals would be built, and there was no protest whatever from the Canadian National Railways Board.

Hon. Mr. HUGESSEN: Might that not be a case of intelligent anticipation?

Right Hon. Mr. MEIGHEN: It was intelligent anticipation all right. It was simply a pronouncement that the Canadian National Railways Board was merely an instrument of the party in power.

Hon. Mr. DANDURAND: Does that follow?

Right Hon. Mr. MEIGHEN: It was a pronouncement by the ministers, and after that I do not intend to listen with any seriousness to any memorandum of the officials.

I know that certain optimistic statements have been made by bank presidents and railway presidents. I do not see how they could have done otherwise. They never have, historically. I have only this to say. I promise to send to my honourable friend (Hon. Mr. Dandurand), at an early date, a copy of a speech made by the very gentleman he quoted, Sir Edward Beatty, in which the position I took in this House as respects employment and progress was taken by him. I think it was in the city of Winnipeg.

I come now to the honourable gentleman's review of my own statements in public life as respects Imperial relations. The honourable gentleman prefaced his reference to that by saying that we can prepare only our single defence; we do not know with whom we shall be allied; we do not know with whom we shall have to co-operate if the hour of war strikes. I tell my honourable friend that he does know, that we all know, and that nobody has any doubt whatever. Has anyone in this House any doubt as to who will be our "ally"—if, indeed, a term so distant, a term so near to "foreign," can be applied? Does anyone doubt that if at any time in the history of this Dominion we find ourselves at war Britain will be on our side?

Hon. Mr. DANDURAND: Not necessarily.

Right Hon. Mr. MEIGHEN: Not necessarily?

Hon. Mr. DANDURAND: I would draw the attention of my honourable friend to this situation. War may occur between Japan and the United States, and we may be obliged to see to the defences on our coast. In such a case the United States would be our ally, because she would have to defend and help us, and Great Britain would not, perhaps, come to the rescue of the United States. We should be on the firing line.

Right Hon. Mr. MEIGHEN: Does the honourable gentleman seriously keep in mind what he is saying: that if war breaks out between the United States and Japan, Canada might become involved without Britain? We might have to defend our neutrality. I am not certain that from that particular date forward we should not be faced with war. The moment we are at war we know who our ally is. We know that our friend, progenitor and protector through history, not our ally, will be at our side from that very moment and will share in the conflict. The honourable gentleman has no more doubt about that than that he is sitting in his seat. That is why I say we should prepare our defence in co-operation, so that the defence of one will be a part of the defence of all. That is the only hope of safety for this Dominion.

The honourable gentleman wishes to leave the impression that I have not always been consistent. I think I have, and I shall endeavour in a very few moments to review the facts. The honourable gentleman states that in the city of Toronto—I think the year mentioned was 1922—I was guilty of uttering a phrase, "Ready, aye ready," the implication being that Canada was to be ready at all times, as he puts it, "to dance to the tune of a British Government." Such were not the circumstances at all. The circumstances were these. Great Britain and the other allies had made a treaty with Turkey. Canada had become a separate party to the same treaty. That treaty contained certain prohibitions and stipulations. Canada signed it from the standpoint of her own obligations. It was submitted to the Parliament of Canada. The gentleman who submitted for approval that treaty, with its mutual obligations, was none other than the present Prime Minister of Canada. In the innocence of my heart I felt that we had some interest in the treaty. I did not think we had signed it simply that we might thereafter boast of entering international affairs and of having set the seal of Canada to the treaty, and pride ourselves on all the glare emanating from such action. I thought we signed it seriously because we had something to gain as a unit of the world community. I thought we had some interest. Was I wrong?

Hon. Mr. DANDURAND: I think the right honourable gentleman was. If he could show me the obligation we assumed under any treaty with Turkey I should like to see it. When the Greeks were assailing the Turks, was it not the duty of the Turks to protect themselves?

Right Hon. Mr. MEIGHEN: The honourable gentleman is off the track altogether. If he will keep on the track his mind is all right. I did not say we bound ourselves to go to the defence of Turkey, or of Greece, or of any power. I said we had some obligations under the treaty. I do not know now what they were, but I know I am not wrong. I can hardly imagine our signing a treaty that represents nothing to us. I should hardly think the honourable gentleman would be a member of a Government which would ask us to ratify such a treaty. But the Government, of which he was a member, commended the treaty to Parliament; therefore we had an interest in it. We had an interest in seeing its obligations performed. Now, there came a time when in the judgment of the British Government—and I think their judgment was right, though I could not argue the matter at this late date—that treaty was violated by Turkey.

Hon. Mr. DANDURAND: Was it by Turkey? Was it not by Greece?

Right Hon. Mr. MEIGHEN: I could not argue that matter, but in the judgment of the Government, in which I do not think they were likely to be wrong, as we know how carefully they deliberate in all these matters—at all events, in their judgment—

Hon. Mr. DANDURAND: Why doubt that?

Right Hon. Mr. MEIGHEN: Doubt what?

Hon. Mr. DANDURAND: That the difficulty or the conflict was between Greece and Turkey, and that Great Britain never claimed the right to intervene.

Right Hon. Mr. MEIGHEN: Certainly Greece had been one of the allies and had signed the same treaty, and the treaty was mutually executed. All I said was that in the judgment of the British Government the treaty was violated by Turkey, and that we were asked by message whether we had an interest to the extent of desiring to participate in maintaining the terms of the treaty. I felt that a reply should have been sent to indicate at least mutuality of interest—

Hon. Mr. DANDURAND: There was none.

Right Hon. Mr. MEIGHEN: Very good. That is a matter of fact.

Hon. Mr. DANDURAND: The despatch was sent by Lloyd George and Winston Churchill without the knowledge of the Minister of Foreign Affairs.

Right Hon. Mr. MEIGHEN: Now we are getting into the domestic affairs of the British Government. But it is not a fact that it was sent without the authority of the Government. This is shown definitely by the correspondence published by Winston Churchill, which I have read. It was sent by the Government, whether they should have sent it or not. It was nothing in the nature of a command to Canada; it was a mere inquiry as to our attitude in respect of a treaty in which it was assumed we had an interest because we had signed it.

Now, I say in respect of a treaty of that kind, which we have executed as an autonomous nation of the Empire, it is the duty of Canada to make a reply such as I have indicated. But if the honourable gentleman is afraid of those words, if those words carry to him something so Imperial that his eye cannot look upon them, I will tell him who originated them in my mind; who first used them in my hearing; who used them with my full approval. That gentleman was Sir Wilfrid Laurier. Sir Wilfrid Laurier used those words with a vastly wider application than I did when I used them in relation to British support. I refer my honourable friend to the speech Sir Wilfrid made in the House of Commons, and which is reported in Hansard. The honourable gentleman will find the words used with a much wider import than I used them, but I have not heard him cite them in condemnation of Sir Wilfrid Laurier.

Then the honourable gentleman comes to another speech, one which I made at Hamilton about three years later. I have already sought to expound to the people of this country the reasons which actuated me then, and what I had in mind. The honourable gentleman has read correctly what I said. He has read sufficient. No more is necessary. He did not suppress anything. What I had in mind was the doing of something to prevent the disunity of this country if the dread hour should strike again.

Hon. Mr. DANDURAND: Well, I agree with my honourable friend.

Right Hon. Mr. MEIGHEN: Very good. But wherein was there any inconsistency with anything I had done before or have done since? It is tremendously important that in whatever struggle we may have to face in the

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years to follow we do not get into any racial quarrel in Canada; that we seek to get the utmost measure of unity from the very moment we enter a conflict. That is something which is worth considerable sacrifice to-day and was worth the same then. It would have been worth sacrificing something even in the last conflict. We are able to see now that through three years of the late conflict we played our part without the expressed authority of the people of Canada for what we were doing. We did so right up to 1917, when we got the authority. If we had obtained it at first there would have been a greater measure of unity throughout than was actually witnessed.

An Hon. SENATOR: Hear, hear.

Right Hon. Mr. MEIGHEN: Consequently it seems to me I was enunciating a course that could be followed to gather together the greatest measure of unity—you never can get it complete—to marshal the greatest measure of unity of which this country is capable. That was all I had in mind, and I thought I made that clear. Certainly I did in a further exposition about ten or twelve years later.

I said nothing in the nature of advocating a referendum. That is not the British system. It is not the sound system. Democracy will not work under referendums. I hope I shall not be guilty of exaggeration if I express the fear that if you submitted to the people a referendum as to whether you should repudiate the national debt it might carry. What is my honourable friend's guess?

Hon. Mr. DANDURAND: I would not be a party to submitting any immoral policy.

Right Hon. Mr. MEIGHEN: Is that any more a moral issue than the question of what we should do in a matter of life and death? No, I would not submit to any referendum. I said I would ask the Government to go to the country at once, and if I were the head I would support in the election every member of the House, no matter what side he was on, who supported the Government in the decision they were taking to participate in the war.

Hon. Mr. DANDURAND: You would divide the country in twain.

Right Hon. Mr. MEIGHEN: But my honourable friend says there can never again be a conflict in which we can take part. Does he? Take care!

Hon. Mr. DANDURAND: According to my right honourable friend, without submitting it to the people.

Right Hon. Mr. MEIGHEN: That is what I said. Very good. But the honourable gentleman says that as soon as it is submitted it will split the country in twain.

Hon. Mr. DANDURAND: I say that to obtain the opinion of the people soberly you must eliminate all those questions which would divert their attention.

Right Hon. Mr. MEIGHEN: That is the way to get an immoral verdict, and you might get one that way on the national debt and a good many other things. I prefer the British fashion of having the representatives of the people elected on the issue. And I prefer that a government who have to take a responsibility should take it and go to the country to get its support, instead of looking upon this as being some remote issue that does not mean the life or death of a nation. The honourable gentleman can have his preference, but I hope I shall not be here if the time ever comes when that view prevails. The Government would have to go to the country for support for their policy, even if there were a referendum, and fight to the death. There would be no prevention of a split on a referendum, but there would be a perilous and stupid breach of British history and tradition.

I know that when I made my suggestion I did not carry very many of the leading Conservatives of the country with me. I must assume, therefore, that I was wrong; but perhaps I was not. However, I took the responsibility for what I said under the circumstances of that time, and I acted accordingly. Circumstances throughout the world change; war methods change; lightning attack succeeds long-prepared attack, and circumstances at some future time might be such that we could not follow the course I suggested. I do not know. I do not think they are yet such that we could not follow it. I am inclined to think that what I suggested is just about what the present Government would do if they found themselves in that most unfortunate plight which I had in mind. However, I am only defending what I said at the time, and I feel sure still that at the time it was right. My confidence in the wisdom of that course is just as strong to-day as it ever was.

My honourable friend says we do not know with whom we might be allied in a war. I am disheartened to hear that statement from him. Certainly we know. And he intimates that it would be very risky to tie ourselves up with Great Britain, because the government over there changes so often. The British people may support a certain kind of policy to-day, and six months or a year later they may reverse their decision; therefore, my honourable friend suggests, we cannot co-operate with them in matters of defence. Does that follow? I know that changes occur in Great Britain. So they do in every democratic country. But does that

mean we cannot co-operate with Great Britain in a great scheme for defence? Does not France change its policy and its government? Why, sometimes a number of swift changes are made in one year. That fact does not prevent Great Britain from co-operating with France in matters of defence. A moment after a new government has been put into power in France the co-operation with Great Britain is just as intimate, just as real and just as useful as it was under the preceding government. And surely we have more in common with Britain than Britain has with France. France's common interest with Britain is that of defence. We, too, share that common interest with Britain, but we share far more than that. It is a serious and terrible thing to hear the leader of the Government in this House say that they do not know any whom we might be fighting with in the next war.

Hon. Mr. DANDURAND: It would depend on the circumstances.

Right Hon. Mr. MEIGHEN: Does the honourable gentleman mean that we might not be fighting on the side of Britain, if we fought at all?

Hon. Mr. DANDURAND: Britain might not be in the picture.

Right Hon. Mr. MEIGHEN: We in the picture and Britain not?

Hon. Mr. DANDURAND: Yes.

Right Hon. Mr. MEIGHEN: What? Surely the honourable gentleman did not think before he made that statement! He tells this House—and his statement will be spread all over Canada—that we might be in a war when Britain was not on our side, and indeed not in the war at all. There is not the slightest chance of that.

Hon. Mr. DANDURAND: We might be obliged to defend ourselves.

Right Hon. Mr. MEIGHEN: We know who will be behind us when we have to defend ourselves; and we will never start fighting till we do know.

Some Hon. SENATORS: Hear, hear.

Right Hon. Mr. MEIGHEN: The honourable gentleman understands that. These are terrible issues. The time may come when the words of the honourable member will sound very strange in this country. Indeed, that time will come to-morrow morning. There may come also a time when the honourable member will wish he had never uttered those words. That will be when the hour of trouble falls upon us. We know very well

that we shall never strike a blow unless Great Britain agrees with the course we take and is ready to stand at our side. To say that because changes occur in the government of Great Britain we cannot co-operate with that country in matters of defence is a statement unworthy of the intellect of my honourable friend. Changes in the British government would not affect our co-operation in the slightest. The determination of Great Britain to maintain her integrity against her foes is a determination that never changes, and in that determination and its consequent policy we can co-operate. I simply say that in the great policy of defence we ought to begin to co-operate with Great Britain at once.

Hon. Mr. DANDURAND: I would draw my right honourable friend's attention to the statement of Sir John A. Macdonald that we should not enter into any British war without having our obligations defined under an agreement.

Right Hon. Mr. MEIGHEN: My honourable friend referred to that before, but I did not answer it because I did not think it deserved an answer. The situation of fifty or sixty years ago is not the situation of to-day. What Sir John A. Macdonald had in mind was that we should not participate in every little conflict in which Great Britain became engaged, such as a fight in Egypt, in Abyssinia, and so on.

Hon. Mr. DANDURAND: Or in Germany or France.

Right Hon. Mr. MEIGHEN: Does anybody doubt where Sir John A. Macdonald would have stood with regard to any life-and-death struggle?

Some Hon. SENATORS: Hear, hear.

Right Hon. Mr. MEIGHEN: What he suggested was that we ought to enter into an arrangement as to what we will do. We are not entering into such an arrangement to-day. I do not know but that we might well do so, but I am not suggesting that we should. I would not go so far as he did in that respect. I am simply urging that we enter into a policy of co-operation for defence; and I mean defence against what might result in our destruction or subjection. I am not thinking at all of little sporadic actions in which Great Britain might be engaged here, there and everywhere, such as that which is going on in Palestine to-day. What I am concerned with is whether this country is going to remain free or not. I ask the honourable leader of this House and the whole Government to keep in mind that that is the

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kind of issue we are facing. The issue is not such as my honourable friend keeps harping upon every now and again, as to whether we shall send an expedition to Abyssinia or to Egypt.

Hon. Mr. DANDURAND: I would point out to my right honourable friend that we cannot bind ourselves to participate in any and every war in which Great Britain is engaged.

Right Hon. Mr. MEIGHEN: I am not asking that, and never have asked that. Nor have I ever suggested that Parliament should endorse that kind of thing. And this talk about Parliament having to decide before we take part in a war is simply the uttering of words without any meaning. Certainly Parliament has to decide on everything that a government does; but when a government proclaims that its policy is to let Parliament decide, it is only saying in effect that it does not know what on earth to do.

Hon. Mr. DANDURAND: The present Government has said that it will not assume any responsibility for declaring war or entering into war unless the Parliament of Canada has decided that we should participate.

Right Hon. Mr. MEIGHEN: No Canadian government ever did participate in a war without the approval of Parliament. Nevertheless, it is nonsense to say that the Government would under no circumstances enter into war until Parliament had decided upon our participation. Suppose a war broke out between a Far Eastern country and the United States of America, and that the Far Eastern country sought entrance to the United States through Canada. Does the honourable leader say that in such circumstances his Government would wait to consult Parliament?

Hon. Mr. DANDURAND: No. We should have to act then to defend Canada.

Right Hon. Mr. MEIGHEN: Of course. But that is not what my honourable friend said a little while ago.

Hon. Mr. DANDURAND: Oh, yes.

Right Hon. Mr. MEIGHEN: Then, according to my honourable friend, Parliament would not necessarily be consulted in the matter of defence of Canada, but would be consulted only with respect to a war that was taking place outside Canada. However, the defence of Canada is not what in the first instance is going to give us trouble. What will trouble us will be defence of the ring of steel which surrounds us and has surrounded us all through our history. But here I am

only pointing out that the broad statement of my honourable friend that we shall never go to war without first getting parliamentary approval may not be correct. It is conceivable that we may have to act first and get approval afterwards.

Hon. Mr. DANDURAND: I have said so.

Right Hon. Mr. MEIGHEN: And it is conceivable that we may have to act without being threatened by any enemy on our own territory.

Hon. Mr. DANDURAND: We all agree as to that.

Right Hon. Mr. MEIGHEN: The plea of my honourable friend is that we should not insist upon saying something that means something, but we should cloak our intentions with the statement that Parliament will decide our course. I repeat that I am not urging that Canada should take part in small wars in which Great Britain may be engaged here, there and everywhere. What I say is that there is one course, on the great, broad question of defence, which as a matter of wise, far-seeing policy we should pursue in our own interests and which will best insure our freedom and security, and I beg of the Government to take that course.

The motion of Hon. Mr. Calder, for adjournment of the debate, was withdrawn.

The Address was adopted.

TRADE AGREEMENT BETWEEN GREAT BRITAIN AND THE UNITED STATES

REQUEST FOR COPIES

Hon. ARTHUR SAUVE (Translation): As it does not seem possible to study adequately the trade agreement between Canada and the United States of America and to understand its full import except in the light of all that is contained in the agreement between Great Britain and the United States, I would ask the honourable leader of the Government if it would not be possible to distribute copies of the last-mentioned agreement before the debate on the budget.

Hon. RAOUL DANDURAND (Translation): With the Canada-United States agreement, I produced all the correspondence exchanged by Canada with Great Britain and South Africa. This shows the changes made in the agreement which binds Canada and Great Britain, as well as the other Dominions and other parts of the Empire interested. I do not know whether or not we have the agreement signed by Great Britain and the United States, and requested by my honour-

able friend. I shall ask my colleagues if the Government have a few copies of it. If we have, it will be a pleasure to send a copy to the honourable senator.

The Senate adjourned during pleasure.

The sitting of the Senate was resumed.

ADJOURNMENT OF THE SENATE

Hon. RAOUL DANDURAND: Honourable senators, it is customary for the Senate, after having discussed and adopted the Address and appointed committees, to adjourn in order that we may not have to await legislation from the Commons pending conclusion of their lengthy debates. As a result of that tradition a certain number of our colleagues from the extreme East and West defer attendance here until we re-assemble. I commend them for their wisdom. I feel that the debate on the Address in the Commons may be lengthy, and I know that after that debate there will be a discussion of the convention between Canada and the United States, and of the modifications of the conventions between Canada and other countries of the British Empire. Under the circumstances I do not hesitate to suggest a fairly long adjournment, after which we may still be awaiting legislation from the Commons.

I move that when the House adjourns today it do stand adjourned until Tuesday, the 14th of February, at 8 o'clock in the evening.

The motion was agreed to.

The Senate adjourned until Tuesday, February 14, at 8 p.m.

THE SENATE

Tuesday, February 14, 1939.

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

Prayers and routine proceedings.

COMMITTEE ON BANKING AND COMMERCE

CHANGE IN MEMBERSHIP

Hon. Mr. DANDURAND: Honourable senators, with the leave of the Senate I should like to suggest that the composition of the Standing Committee on Banking and Commerce be altered. The list of members of that committee as it appears at page 16 of our Minutes includes the name of the honourable senator from Sorel (Hon. Mr.

Wilson). Inasmuch as the honourable senator does not feel that he will be strong enough to attend the Senate this session, although his health has somewhat improved, I have his authorization to withdraw his name from all committees. It seems that the word "Sorel" should be changed to "Rockcliffe." I suppose the change can be made—

Right Hon. Mr. MEIGHEN: By motion.

Hon. Mr. DANDURAND: I would therefore move that the name of the honourable senator from Sorel be deleted, and the name of the honourable senator from Rockcliffe be substituted therefor.

The motion was agreed to.

THE LATE POPE PIUS XI TRIBUTES TO HIS MEMORY

Hon. RAOUL DANDURAND: Honourable senators, I deem it my duty to convey to the Senate the message which the Prime Minister of Canada and Secretary of State for External Affairs addressed to His Britannic Majesty's Minister at Vatican City on the occasion of the demise of His Holiness Pope Pius XI. It reads as follows:

Ottawa, February 10, 1939.

Will you kindly convey to His Excellency the Secretary of State of the Holy See the following expression of sympathy of the Government of Canada, in the bereavement occasioned the Vatican City and the Roman Catholic Church by the death of His Holiness Pope Pius XI.

"The Government of Canada desires to associate itself with the governments of other countries in expressing its sense of the loss sustained in the death of His Holiness Pope Pius XI. The profound sorrow felt by members of the Roman Catholic Church in all parts of the world will be shared throughout Canada, where the devotion of Pope Pius to the spiritual progress of mankind had gained for His Holiness nation-wide admiration and esteem."

May I, as the representative of the Government in this Chamber, be permitted to add that I fully share the views which this message expresses. I am convinced that this highly cultured prelate, in his many appeals on matters affecting the welfare of all nations, laid down doctrines which met with the approval of all sensible human beings, irrespective of their religious creeds. When counselling toleration, peace and amity and deprecating narrow nationalism, racial divisions and absolutism, he struck a note which appealed to the universal conscience. He was all the more admired because he lived under the shadow of an autocracy which gloried in the so-called virtue of might and aggressiveness. Our gratitude went to him during those troublous days when his voice

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rang out in favour of the principles of justice and peace in Europe and throughout the world.

Right Hon. ARTHUR MEIGHEN: Honourable members, it is right and fitting that the leader of the Government in this House should acquaint this honourable body with the message dispatched by the Government of the day, in the name of the people of Canada, to the Secretary of State of the Vatican, on the occasion of the death of His Holiness Pope Pius XI. Even those of us who are not in conformity with the tenets of the Church of which he was head are quite able to appreciate and to value the great services he rendered not only to his own Church, but to the world at large, for we too are fully aware of the vital strength of his appeal for a restoration of the standards of morality in the world, and as well his earnestness and devotion in the sacred and imperilled cause of peace.

BUSINESS OF THE SENATE

DISCUSSION

Hon. RAOUL DANDURAND: Honourable senators, I notice that His Honour the Speaker has not called the Orders of the Day. The reason is, of course, that he finds a blank under that heading. When we separated it was my hope that upon our reassembling I should be able to bring some measures before this Chamber, or that some would be sent over to us from the Commons. I am disappointed in both respects, and I have been wondering, and discussing with some of my colleagues, whether we were not somewhat too optimistic when we fixed upon the 14th of February for a return to our labours. In the circumstances I shall cogitate with my colleagues for another day on the question of what this Chamber should do.

I will not repeat what has so often been said here as to the disappointment we feel at the paucity of work which comes to us in the first weeks of a session. I would rather refer my honourable colleagues, and more especially those who are newcomers among us, to a very interesting debate which took place here in the session of 1934, when the late Honourable Senator Murphy gave us a fine disquisition on the Senate, its powers and usefulness. I then referred to the situation which, to my own knowledge, has continued for the last forty or fifty years. The Senate has had a constant grievance in being forced to mark time for weeks because of the dilatoriness—if I may use that word without meaning to cast any reflection upon the House of Commons—in sending legislation over to us. I had

the honour of participating in that debate. I was sandwiched between Senator Murphy and my right honourable friend facing me (Right Hon. Mr. Meighen), and he was followed by the honourable senator from Moncton (Hon. Mr. Robinson). In that debate we covered the whole ground of our complaints, renewed session after session since 1867. The explanations given there are still the explanations which might be given to-day, and which very likely will be given for a number of sessions to come.

Before I move the adjournment, perhaps my right honourable friend has something to say on this point.

Right Hon. ARTHUR MEIGHEN: My honourable friend is right—not for the first time. I have something to say.

It is not pleasant to be complaining session after session of the present Administration's utter incapacity to utilize a legislative Chamber. True, it is not wholly the fault of a Government that they are unable to make progress in the House of Commons in the early weeks of a session, but the machinery is there to enable them to dispose of the matters before them with reasonable speed, as is done in other great legislative assemblies, and that machinery is never availed of. Why it is not is a mystery to me. The refusal to avail themselves of it is simply an evidence of lack of courage and lack of capacity.

But the indictment does not rest there. Even though the blame must be shared by another party, or by two or three, for the slow progress made in the Commons, it does not follow that this House must be idle all these weeks. It was not so to nearly the same extent in years gone by. The late Administration during its five years in office initiated in this House a great mass of important legislation, mostly of a non-partisan character. One bill I was examining to-day, which took us two sessions to put into final form, is within eight pages of being five hundred pages in length. The work on it was wholly done here. But that bill, now the Shipping Act, is only one of the bills initiated in this Chamber. The statutes of those five years are full of legislation of which this House is really the parent, and the drafting of that legislation still stands the test of time. The work was well done. There is no reason at all why this Government should not follow a similar course. No one can suggest that this House has not treated Government legislation fairly. As I stand in my place now, I cannot think of a single Government measure that failed to pass because of opposition in this Chamber. Notwithstanding the fact that since 1935 the so-called opposition in this Chamber has been

always in the majority, and for a time nearly double the number of senators on the Speaker's right, I can recall only one bill which was even delayed. Surely no one with any fairness would suggest it was delayed for partisan reasons. I refer to the revision of the Railway Act in connection with agreed charges, and so forth. That bill was delayed for one session.

Hon. Mr. DANDURAND: I should like to mention another.

Right Hon. Mr. MEIGHEN: I do not recall another.

Hon. Mr. DANDURAND: I can recall the rejection of another bill. I mention it without the least desire to detract from my right honourable friend's statement. I refer to the Penitentiary Bill.

Right Hon. Mr. MEIGHEN: I was coming to that, and shall deal with it most appositely in a minute. Meantime I will assume there was only one piece of legislation delayed for a year. The reason for the delay was that a case for it was not presented. The Bill was not defeated by a partisan majority. In the next session, when the case for it was presented thoroughly by Canadian National counsel, the vote in favour on this side was, I think, just as preponderant as the vote for it on the other side, and the Bill was given third reading.

I am informed, by the way, that notwithstanding the violent protest made by the Minister because the Bill did not go through in the first year, and notwithstanding the fact that it has been on the Statute Book now for almost a year, it has not yet been called into effect. Why, I do not know.

All legislation has been sympathetically, thoroughly and fairly treated by this House, but year after year our services are allowed to slumber for a good portion of the session. The consequences will come this session just as in past sessions: towards the end there will be a veritable inundation of this Chamber with all manner of bills, and we shall be expected to shut our eyes and put the imprimatur of the Senate upon these measures. If we do not, we shall probably be abused by very prominent public men. Now, I give warning that when that inundation comes no bill will be passed with my approval until we have time to go through it thoroughly and study it to the best of our capacity.

Some Hon. SENATORS: Hear, hear.

Right Hon. Mr. MEIGHEN: The Government may take that warning now

There is a reason why the Penitentiary Bill was defeated. It was thrown at us, I think, on the last day of the session.

Hon. Mr. BALLANTYNE: Yes.

Right Hon. Mr. MEIGHEN: We could not possibly consider it at such a late hour. I am told it has been admitted by members of the Government that we could not have been rightfully called upon to consider and pass that Bill at the time. This session not only a single bill but a number of bills will be delayed if this course we are now threatened with is pursued. This House must be true to itself; it must consider itself and act as a deliberative body, not a body called upon merely pro forma to put the seal of its approval upon legislation pitched in its face in the last few hours of the session.

Some Hon. SENATORS: Hear, hear.

Right Hon. Mr. MEIGHEN: The record of the Senate deserves better of the Administration. They certainly have measures ready that we could be dealing with now.

The indictment against the Government is, first, that they do not use the machinery at their disposal to make reasonable progress in their own House, and, secondly, that though failing to use that machinery, and wishing to put the blame elsewhere—where perhaps it should be put—I am not discussing that—yet they do not present legislation suited to the Senate in this House first, where it can be carefully, deliberately and thoroughly dealt with, the public heard thereon, and full justice done thereto.

That is what I wish to say, and I sincerely hope the Administration will take these words in the spirit in which they are meant.

Some Hon. SENATORS: Hear, hear.

Right Hon. Mr. MEIGHEN: I feel humiliated to be going home to-morrow night although we have been continuously idle while weeks of the session have passed and we have been drawing our pay from the Treasury of Canada. I ask you, honourable senators, who is to be charged with this responsibility? Are we? Is there anything more we can do? If so, I do not know what it is. There is only one place to put the responsibility, and on the shoulders of that functionary in this Dominion I put the responsibility to-night.

Hon. Mr. DANDURAND: As I said in the debate to which I have referred, and on several other occasions, Cabinet members in the House of Commons very often desire to sponsor their own legislation in that House. I have asked every one of my colleagues in the

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Cabinet whether they have not some legislation they should give us. It may sometimes happen that legislation is more fittingly presented in the other Chamber. I will look at proposed legislation as it comes and see whether certain departments could not make some sacrifice in order to feed this Chamber during the early weeks of the session.

In support of my right honourable friend's statement that important legislation has emanated from this Chamber and has stood the test of time, I would mention a splendid piece of legislation that we have to our credit. It may need amendment sooner or later, for it was passed in 1910. I refer to the Insurance Act. The House of Commons had wrestled with the problem for two sessions, and in the third session the then Minister of Finance, the late Mr. Fielding, sent it to the Senate, where it was carefully considered and revised. The Act still governs the operations of our life insurance companies.

Right Hon. Mr. MEIGHEN: And it was again revised in this House in 1933.

Hon. Mr. DANDURAND: Yes. We must face this situation, and I believe it is well that the right honourable gentleman and myself should indicate it to the country at large so that as members of the Senate—I am not running away from my joint responsibility as a Minister—we may be freed from any responsibility for what may be a second adjournment. Whether we must adjourn again we shall have to decide to-morrow.

Hon. CREELMAN MacARTHUR: Honourable senators, I desire to endorse the remarks of the right honourable leader on the other side of the House. I have voiced a similar protest time and again. But I think he has a joint responsibility with the honourable leader on this side. I would suggest that those two able senators get together early in the session and see what legislation could properly be initiated in this Chamber. The right honourable leader opposite speaks of the humiliation of going back home. He has a comparatively short distance to travel. I have to travel a thousand miles. When we adjourned a month ago I knew it was futile to arrange to come here to-day. Let my right honourable friend opposite be fair. The delay is not wholly the fault of the Government. We ought to consider who has held up legislation. There are three or four groups in the other House and one of them has a new leader who is very aggressive and very antagonistic.

Last session I protested against the method of naming committees of this House, but no notice was taken of my protest. The same

old practice is continued: there is a meeting in camera and the committees are nominated. That is one of the faults of this House: we have not the right men in the right place.

An Hon. SENATOR: Hear, hear.

Hon. Mr. MacARTHUR: Last session at prorogation there were still certain questions on the Order Paper. Some stood in the name of the late lamented member from De Lanaudière (Hon. Mr. Casgrain). "Though dead his voice yet speaketh." I think if he were with us he would wish those questions to be answered. I put on the Order Paper a few simple questions which I am confident the officials of the department concerned could have answered before we prorogued. However, no answers were forthcoming, and the questions are dead. They are not on the Order Paper.

Hon. Mr. DANDURAND: You can revive them. Put them on the Order Paper again.

Hon. Mr. MacARTHUR: Simply because Parliament prorogued those questions died. That is very unsatisfactory. Still, if I must go through the formality of putting those questions on the Order Paper again, all well and good; I can do so.

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

THE SENATE

Wednesday, February 15, 1939.

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

Prayers and routine proceedings.

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. RAOUL DANDURAND: Honourable senators, we had a short discussion last night with regard to the agenda of the Senate. It now appears that there is no legislation which I can bring forward in the name of the Government. Therefore, inasmuch as considerable time will be taken in the other Chamber in discussing the commercial convention with the United States, I will move that when the Senate adjourns to-day, it do stand adjourned until Tuesday, the 28th of February, at 8 o'clock in the evening.

This second adjournment may surprise some people who do now know exactly why we have been marking time. I would draw the attention of my honourable colleagues to the fact

that we passed the Address in reply to the Speech from the Throne in, I think, twenty-four hours, whereas the debate on this subject in the House of Commons occupied more than two weeks. Apart from the discussion of a very murderous gun, about which I know nothing except that it has succeeded in killing time for two or three weeks in the other Chamber, the work done by the House of Commons has been exactly on a par with that done in this Chamber, namely, the voting of the Address in Reply. If the Address had been passed in the other House within about a week of the opening, we should possibly have found some legislation before us when we came here on the 14th of February. As I do not foresee that any legislation will reach us before the 28th of February, I take the responsibility of moving adjournment of the Senate until that date.

Hon. WILLIAM DUFF: Honourable senators, I am sure there is no one here who would not like to fall in with the ideas of the honourable leader of the Government (Hon. Mr. Dandurand). We all regret, of course, that, on account of circumstances over which we have no control, this Chamber has no business to take up at the moment and consequently it is necessary to adjourn. But I do not think, honourable members, that we need to apologize for that. As one who has had the honour and privilege of being in public life in this country for a considerable number of years—most of which have been spent in another place—I know that in some of those years we have had situations similar to this one. My honourable friend said a few moments ago that the debate on the Address in Reply to the Speech from the Throne occupied about a fortnight in the other House. Well, on one occasion during my term as a member of that House the debate on the Address took up six weeks, and this honourable body, comprised of gentlemen who were well able and indeed eager to attend to the business of the country, had to wait, with nothing to do, not only those six weeks, but a somewhat longer time until legislation was sent over to them.

It must not be forgotten that we live in a democratic country. I for one do not object because many of the 245 members of the other House, elected by the people, feel it a duty to express their views on matters dealt with in His Excellency's Speech. That a week or a fortnight or a longer time is taken up in this way is, in my opinion, no reflection upon the members of that House, nor upon the Government, who are responsible for the words uttered by His Excellency.

I am in accord with most of what was said yesterday by my right honourable friend the leader on the other side (Right Hon. Mr. Meighen). I do not think anybody will accuse me of not being willing to work when there is work to do. If there were work for us to do next week or the week after, I certainly should be agreeable to a short adjournment—as short as possible. But I am thinking now particularly of the position in which those of us who come from a long distance find ourselves. I can understand—and I am not saying this in any critical spirit whatever—that honourable senators who live within a comparatively short distance of Ottawa would not find much inconvenience in coming back here next week or the week after, for a day or two. It is not such a simple matter for those of us who live at the far ends of the country to keep going back and forth between this city and our places of residence and business.

We tried to arrange our affairs and leave them in as good order as possible before we came here on the 12th of January, in response to His Excellency's summons to do the business of the people, for which we were appointed. We found, as the honourable leader of the Government has said, that after adopting the Address in Reply to the Speech from the Throne, as we did after two days of debate, we had nothing else to do, and an adjournment became necessary on the 18th of January. I am not criticizing the Government or anybody for the failure to initiate in the Senate legislation which perhaps could have been handled as well here as in the other Chamber; I am simply relating the fact. When the Senate adjourned we returned to our homes. Those of us who had been away since the 10th or 12th of January endeavoured to pick up the threads of our business as we had left them.

As honourable members know, a week in Ottawa is not very long; neither is a fortnight. I am very much afraid that if we adjourn for only two weeks we shall be in exactly the same position when we return here as we are in to-day. Let us face conditions as they exist. As I have already said, I am willing to come back as soon as there is anything for us to do, but I do not think it is fair to ask us, especially those of us who live at a long distance, to come back two weeks from now, when it does appear that there will be no business waiting for us even then. I am not blaming the leader of the Government nor the Government themselves for this, nor am I referring to the situation as a defect of our democratic system, in which I am a strong believer. I am simply trying to state the fact as I see it, and I say that unless there is

Hon. Mr. DUFF.

a reasonable prospect that from the 28th of February we shall have enough business before us to keep us busy until the end of the session, the adjournment should be extended beyond the 28th.

What does an adjournment mean to honourable members who live on the Pacific coast, for instance? It takes a week for them to get home from here. Perhaps I am speaking out of turn, for undoubtedly honourable senators from the Pacific coast are better able to discuss their problems than I am. Naturally, I am more familiar with the situation in the Maritime Provinces. However, I may point out that it takes those honourable gentlemen a week to go home and a week to come back here. Consequently if we adjourn until the 28th instant they will have to remain in Ottawa and twiddle their thumbs during the interval. The same objection to a two-week adjournment applies with respect to honourable senators from the Maritimes. For instance, it takes me three days to get home, and of course an equal time to return here. I require another three days to pick up the threads of my business. As honourable members will appreciate, this means only three days are left before I have to make arrangements to return to Ottawa. I have not the slightest objection to the proposed adjournment if on my return here there will be sufficient business in the Senate to warrant this step; but I very much doubt whether there will be anything then to occupy our time.

Yesterday afternoon, at about the same time as the right honourable leader opposite (Right Hon. Mr. Meighen) was on his feet, the Prime Minister was endeavouring to expedite business in the other Chamber. I do not think he was dictatorial, but he gave notice that, commencing to-day, Government business should have precedence over private members' resolutions. That, to my mind, shows the Prime Minister and the Government are eager to proceed with the business of the country. On the other hand, I do not think the proposal is altogether fair to the private members who may wish to discuss certain matters on Wednesdays.

Whatever we do we are certain to be criticized, but from my fairly long experience in the other Chamber and my short term of service here, I would never hesitate to declare in my constituency that the Senate is a worthwhile Chamber and its members are ready, indeed eager, to work whenever there is work to do. I repeat, I do not think the proposed adjournment will serve the purpose intended. As my honourable leader is aware, the Prime Minister moved yesterday in the Commons for approval of the trade agreement with the

United States. The debate was adjourned until Friday. This is a very important treaty, and it is very unlikely that it will be disposed of within a fortnight. The debate may extend over three weeks, and until its conclusion, obviously, no Government legislation can be ready for submission to this Chamber. I am confident that the business and professional members of the Senate, men with a stake in the country, would be much better employed in their constituencies, endeavouring to do something for the people of Canada. In the circumstances I would impress on the honourable leader of the Government that a fortnight's adjournment would be ineffective; that on returning here at the end of the month we should be no further forward than we are to-day. Therefore I respectfully suggest that he amend his proposed motion by extending the adjournment to the 7th day of March.

Right Hon. ARTHUR MEIGHEN: Honourable members, there is a feature of the situation which, no matter how often one repeats it, does not seem to be understood outside this House. Certainly the senator who has just sat down understands it just as well as the rest of us. There seems to be an impression abroad that we can work here only when business comes to us that has been completely dealt with in the other House. I thought yesterday that what I said would be plain, but apparently it is not. The Senate is as capable of initiating legislation as the Commons, and the Government are equally free in both houses. There is, of course, a distinction, but it pertains to so small a volume of legislation as to be almost negligible: bills involving a charge on the treasury must be introduced in the House of Commons by resolution approved by His Excellency. This House recognizes that distinction whether it exists in law or not. But, speaking broadly, one Chamber is as open as the other for the initiation of bills and the first deliberation and decision upon them.

If you look through the Speech from the Throne, foreshadowing what we are to deal with at this session, you can find several items which the Government could very well introduce in the Senate. I do not like to particularize; it is not for one here to dictate the specific course of any bill; but certainly you can find in the first column of page 2 one item, and in the second column of the same page two items, which could be just as appropriately dealt with here. Why they are not I am at a loss to understand. Surely it is the business of the Administration to get the best value out of both Houses of Parliament. To fail to do so is to fail in the function of government.

I am not complaining now, nor did I intend last night to complain, of the length of debates in the Commons. In that regard I am pretty much of the same feeling as the honourable senator from Lunenburg (Hon. Mr. Duff). The House of Commons is the melting pot of the nation. There must be in that Chamber a latitude for debate which we do not require here. There East meets West, race meets race, class meets class, and all get a better understanding of the difficulties of our country from listening to one another's views.

Though the machinery to expedite legislation is available, I agree it would be a mistake to apply it too rigidly or too frequently. I have said, and I do not retract my statement, that a moderate use of that machinery would be advisable. If one reads the debates of any legislature in a democratic country where multiplicity of business renders it necessary that discussion be severely restricted—if in particular one reads the debates of the British House of Commons, in which, I think, the average intelligence will not be found to be very much higher than here—one cannot but be impressed with the fact that the level of debate is above that of our Commons. Why is it so? It is because there they have only so much time at their disposal and each member is hitting his nail on the head with every sentence. That may be an exaggeration to a degree, but it epitomizes the difference between the debates of a House in which business must be regularized in order that its enormous volume may be handled, and the debates of a legislature in which there is unlimited time for all sorts of waste of the people's money.

I ask honourable members to spend a little time reading the debates that occur in the House of Representatives at Washington after the time limit applies, when the severest restrictions are imposed, and to compare them with the debates for which no time limit is set. I feel certain you will agree with me that the advantage is wholly on the side of speeches delivered when only so many minutes are allowed and the Congressmen speaking have to make the most effective use of every sentence and every moment of time. We should gain if some measure of such restriction were applied in the Parliament of Canada.

But let us set aside the lack of restriction on debate and grant that the members of the Commons may talk to their hearts' content. We are still without an answer to the chief indictment, namely, that the Government fail to introduce a large portion of their legislation in this House. We shall never get the full

value of either House unless this is done. We shall have this session just a repetition of what we have had nearly always: the clogging of legislative machinery at the end, the same shameful passing of legislation by the mere putting of a stamp upon it simply because we could do nothing else within the limited time. For this condition the Government are responsible, and they cannot escape their responsibility. Ministers like to expatiate on the importance of the bills they are introducing and what their departments are doing. That is all right. I guess one is as vain as another in that regard. But it does not excuse the failure of the Government to utilize the time of honourable members of this House—time that is really paid for and is the property of the country—and thereby get a systematic, thorough-going and worth-while study of the legislation that passes the Parliament of Canada. Again I would impress upon the Government the necessity of doing this. We cannot expect the people of this country to tolerate the disposition that we are compelled to make, in the circumstances forced upon us, of the business that is ours. I know what I should be saying were I outside. All one can do in the clutch of circumstance is to make very clear where the responsibility lies, and that I hope I have done.

Hon. Mr. DANDURAND: My right honourable friend has not answered the prayer of the honourable senator from Lunenburg (Hon. Mr. Duff).

Right Hon. Mr. MEIGHEN: I am in agreement with the honourable leader of the House, and unless I am in disagreement I say very little. I do not like the idea of adjourning longer. I appreciate the fact that I can get here overnight, whereas the journey takes members from British Columbia eight days, and members from the Maritimes a somewhat shorter time. But it is not unreasonable to hope that the Government will see the error of their ways. There are some men of perspicacity and intelligence there; no one admits that more freely than I do. Nor is it entirely irrational to expect that the Commons will get through debate on the trade treaty with the United States in less than three weeks' time.

Hon. C. P. BEAUBIEN: Honourable members, may I make a suggestion? The Senate has done excellent work in past years, and never to better purpose than in its codification of certain laws. Similar work is about to come before Parliament with respect to the Small Loan Companies Bill. The Senate spent weeks and weeks perfecting that legislation and knocking it into pretty good shape. Why could

Right Hon. Mr. MEIGHEN.

not the honourable leader of this House make an effort to bring this proposed legislation again before us? As I have indicated, we have done most of the work. Many experts appeared before us and gave their advice, and we were at great pains to turn out a workable piece of legislation. In all probability the Commons will again tackle that legislation at the end of the session and send it over to us, but certainly in no better shape than we could put that measure if it were placed in our hands when we return here after the proposed adjournment.

Hon. R. H. POPE: Honourable members, I think we should proceed more rapidly than we are doing. However, you know who is the Prime Minister of Canada. You know his name. He has a good name, a nice name. But you do not know more about him than I do. I knew him almost as soon as he was born. I think the first public position he ever occupied was that of Deputy Minister of Labour, and I knew him long before that. Now, he told the people of Canada that if he came to power he would abolish the Senate. If he does not intend to give us any work to do, why does he not abolish the Senate? That is what I want to know.

Hon. Mr. DANDURAND: I confess that I cannot answer with certainty the question put by my honourable friend to my right (Hon. Mr. Duff). I cannot be sure that there will be legislation for this Chamber to deal with on the 28th of February. But, of course, a date must be fixed. I am in the hands of the Senate as to whether it shall be the 28th of February or the 7th of March; but inasmuch as my right honourable friend (Right Hon. Mr. Meighen), representing, I suppose, the wisdom of the other side, has agreed that our second adjournment should not go beyond the 28th of February, I would ask the honourable senator from Lunenburg (Hon. Mr. Duff) not to insist at this time. If I see that there is nothing coming to us on the 28th I will wire him to remain at home for a few days more.

Hon. Mr. DUFF: I do not think the right honourable gentleman opposite (Right Hon. Mr. Meighen) laid down the dictum that we should meet on the 28th. All that he seemed to be worried about—and quite properly so—was the fact that this House should have more business to do, and that part of the business of Parliament should be introduced in this Chamber, so that when we are summoned here at the beginning of the session we may proceed with the business of the country instead of adjourning. I agree with my right honourable friend in that, if it is possible. However,

during the twenty or twenty-one years I have been in Parliament every government has been of opinion—and I presume that they were within their rights—that most of the legislation should be introduced in the other Chamber. So I am not criticizing the Government.

With regard to the motion now before the House, it seems to me that the question is not so much whether the Government has sent us business or not, as whether, if we meet again on the 28th of February, we shall be any further ahead than we are to-day. That is the whole point.

My honourable friend the leader of the Government has said that if we adjourn to the 28th and there is then no business to be done he will send me a wire. That is very kind of him, but I would suggest that if there is no reasonable certainty that we shall have something to do by the 28th of February or until the 6th of March, there is no reason why the members of this Chamber should come here on the 28th, for they would likely have either to remain here in Ottawa during another adjournment or else return home for a few days and come back here again a few days later. If there is no business on the 28th we shall be in exactly the same position that we are in now. I am speaking of this strictly as a business matter. If there is work to be done here I will stay, but I do not want to remain here twiddling my thumbs and kicking my heels against the desk, and perhaps getting into some mischief.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. DUFF: This is too serious a matter to joke about. I do not mind the criticism of some people outside, because, after all, many of them are not worth worrying about. Most of the people of this country realize the value of this Chamber. When I go home on Friday or Saturday and am seen walking the streets of Lunenburg it will be known that there is some good reason for my absence from Ottawa. Therefore I appeal again to the right honourable the leader of the opposition (Right Hon. Mr. Meighen), who admits that he can go home overnight, and to honourable members from Montreal, who are in a similar position. Those of us who have to travel long distances are put to great expense in making unnecessary trips. If it can be shown to me that the debate on the treaty in the other House will be brought to a conclusion next week, or that the Government are going to send us some business, then, I say, let us stay here and get on with the business of the country; otherwise I appeal to my honourable friend, the good-looking gentleman with the charming smile (Hon. Mr. Dandurand), who is a business man, to accept my suggestion

that we should adjourn until the 14th of March, or, if he is insistent, I would ask him to compromise and make it the 7th of March.

Hon. Mr. DANDURAND: I have been here for many years, and when we have been taking short adjournments I have always sympathized with honourable gentlemen from the eastern and western extremities of Canada. I have realized that those of us who live within one hundred or one hundred and fifty miles of Ottawa may at times have seemed egotistical. In the circumstances I will accept the compromise offered, and will say the 7th of March at 8 o'clock. I would add only this. We shall then have before us most of the month of March, the month of April, and perhaps fifteen days of May, before the adjournment for the reception of Their Majesties. I am convinced that after that we shall be here for several more weeks. I have no doubt, however, that in two or two and a half months this House can do the work that it takes the House of Commons five months to accomplish.

The Hon. the SPEAKER: Has the honourable member leave to amend his motion to read as follows?

That when the Senate adjourns to-day it do stand adjourned until Tuesday, the 7th of March, at 8 o'clock in the evening.

The motion was agreed to.

The Senate adjourned until Tuesday, the 7th of March, at 8 p.m.

THE SENATE

Tuesday, March 7, 1939.

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

Prayers and routine proceedings.

THE LATE POPE PIUS XI

MESSAGE FROM APOSTOLIC DELEGATE

The Hon. the SPEAKER: Honourable members of the Senate, I have the honour to inform you that I have received the following letter from the Apostolic Delegate to Canada:

I have been sincerely touched upon learning that an official commemoration of His Holiness Pope Pius XI had been made at the Senate of Canada, Tuesday, February 14, 1939.

I wish to assure you and the honourable members of the Senate that I have highly appreciated this token of sympathy on the

occasion of the death of the Supreme Pontiff of the Catholic Church and I trust that all Canadians will consider this tribute to the memory of Pope Pius XI to the full extent of its deep significance.

With the expression of my thankfulness and sincere consideration, I am,

Yours sincerely,

Hildebrand Antoniutti,
Apostolic Delegate.

CANADIAN NATIONAL RAILWAYS AND
MONTREAL TERMINAL

INQUIRY

Hon. Mr. BLACK inquired of the Government:

1. What is the total deficit, if any, on the Canadian National Railways for the first nine months of the current fiscal year?

2. Is the report correct which appeared in the press of Canada to the effect that the Canadian National Railways is to spend twelve million dollars or more on a new passenger terminal in the city of Montreal?

3. If so, is the proposed expenditure approved by the Government, and from what source is the money to be provided for such expenditure?

Hon. Mr. DANDURAND: To this inquiry I have the following answers:

1. The Canadian National Railways' accounts for the calendar year, in which are included the figures for the first nine months of the Government fiscal year, will not be available until approved by the Government auditors. Approval is expected on or about the 15th of March next.

2. Yes.

3. The proposed expenditure will be made under the provisions of Chapter 12, 19-20 George V, section 3, but the Federal Government will contribute in part from funds voted by Parliament in its construction and rehabilitation appropriation for the current fiscal year.

Hon. Mr. BLACK: With the leave of the Senate, may I say that I have some comments to make, and therefore I give notice that at the next sitting of the House I shall call attention to the subject-matter of this return.

COST OF PUBLIC BUILDINGS AND
IMPROVEMENTS, OTTAWA

INQUIRY

Hon. Mr. TANNER inquired of the Government:

What has been the cost and expense to governments of acquisition of properties and construction and other work in the city of Ottawa, namely,—

(a) The post office building which was demolished in 1938 and the land upon which it was situated, to be part of Confederation Park?

The Hon. the SPEAKER.

(b) Demolition of said post office building?
(c) Of other lands acquired for the purposes of Confederation Park?

(d) Of lands acquired for the new post office building at Sparks and Elgin streets?

(e) Contract price of new post office building now in course of erection?

(f) Other lands acquired for public park purposes and beautification elsewhere in the city?

(g) Work in 1938 completed in the vicinity of Sparks and Elgin streets?

(h) Contract price of work not completed in vicinity of War Memorial?

(i) The War Memorial, including foundation work and other work not covered by previous questions?

(j) Total amount of expenditures for purposes of improvement and beautification (not covered by previous questions), made under the direction of the Federal District Commission or predecessor, if any, since the beginning of such work to the present time?

Hon. Mr. DANDURAND: I desire to submit the following answers to this inquiry:

(a) Original post office building at Ottawa was built on Ordnance lands and completed in 1876 at a cost of \$242,856.73. Restoration after fire in 1904, including additional storey and cost of repairs and alterations since erection, \$341,897.99.

(b) \$3,547.

(c) Public Works Department (properties east of Elgin street and between Wellington and Sparks streets) \$1,126,969.11.

Finance Department, \$1,311,200.00.

Total, \$2,438,169.11.

(d)

Purchase price of site \$380,000.00

Taxes, interest on mortgage, legal services, etc. ... 16,315.55

\$396,315.55

(e) \$602,400.

(f) \$105,749.50.

(g) \$348,757 (including cost of widening Connaught Place).

(h) \$188,700.

(i)

Cost of bronze work erected.. \$160,000.00

Cost of granite, stonework and concrete foundations \$124,573.25

\$284,573.25

Erection of monument in Hyde Park, insurance, etc. ...

8,223.53

\$292,796.78

(j) \$5,220,099.83.

FERRY SERVICE, WOOD ISLANDS,
P.E.I.-CARIBOO, N.S.

INQUIRY

Hon. Mr. TANNER inquired of the Government:

1. What is the estimated cost of providing harbour accommodation and terminals (1) at Wood Islands, Prince Edward Island, and (2) at Cariboo, Pictou County, Nova Scotia, for the purposes of the proposed steam ferry service between those points?

2. What is the sailing distance between those two points?

3. What is the highway distance between the proposed terminals at Cariboo and the Canadian National Railways terminals at Pictou town?

4. What transport facilities will the Government provide between the Cariboo terminals and the railway terminals at Pictou?

5. Has the Government approved of the proposed steamship for said ferry service?

6. What is the stipulated capacity for carriage of automobiles and trucks required of such steamship?

7. What is the stipulated or intended number of round trips in each twenty-four hours that such ferry steamer will be required to make?

8. What is the amount of yearly subsidy to be paid by the Government for the proposed ferry service?

9. What is the sailing distance between the proposed terminals at Wood Islands and the Canadian National Railways terminals at Pictou town?

10. What is the capacity for carriage of automobiles and trucks of the steamer which in recent years has been subsidized by Government for service between Charlottetown and Pictou?

11. What is the number of automobiles and trucks carried on the said steamer each way between Charlottetown and Pictou during the season of 1938?

12. On how many days and to what extent did automobiles and trucks awaiting transport exceed steamer capacity during the season of 1938?

13. What is the yearly subsidy paid by the Government for the service between Charlottetown and Pictou?

14. Was any offer or proposal, written or verbal, made to the Government since 1935 to put in the said service a steamer of greater capacity than the one that has been operating between Charlottetown and Pictou?

Hon. Mr. DANDURAND: The answers are as follows:

1. (1) \$285,000; (2) \$212,200.
2. 16.47 miles.
3. Approximately 6½ miles.
4. No information.
5. Not yet. Full construction plans have not yet been completed by the contractors.
6. Thirty automobiles of average size. When trucks are taken the number of automobiles will be proportionately diminished.

7. Three round trips per day, including Sundays, from May to November, inclusive. In July, August and September one additional round trip will be made each Friday, Saturday and Sunday.

8. \$28,000.

9. 25 miles.

10. 10-12 automobiles, according to size. When trucks are carried the number of automobiles is proportionately diminished.

11. Charlottetown to Pictou:

Automobiles..	338
Trucks..	2

Pictou to Charlottetown:

Automobiles..	343
Trucks..	3

12. Not a car was left over on either side during the season of 1938. Largest number carried was 9 on August 16.

13. \$30,000.

14. Yes. The steamer Farnorth was offered in 1937.

P.E.I. CAR FERRY—TRANSPORT OF
MOTOR VEHICLES

INQUIRY

Hon. Mr. TANNER inquired of the Government:

1. What is the capacity for carrying automobiles and trucks of each of the Prince Edward Island car ferry steamers?

2. What is the sailing distance between Tormentine and Borden?

3. What has been the cost of fitting said steamers for such work?

4. How many automobiles and trucks did said steamers carry each way each month during the years 1936, 1937 and 1938?

5. (1) On how many days and to what extent during 1938 did automobiles and trucks awaiting transport exceed steamer capacity? (2) In such cases how was the congestion handled?

6. (1) What is the tariff of charges for carriage of automobiles and trucks? (2) What, if any, reductions were made in 1934? (3) What was the revenue from such sources in 1938?

7. What was (a) the surplus, or (b) the deficit in the car ferry operation in each year, 1936, 1937, 1938?

Hon. Mr. DANDURAND: The answers to this inquiry will likewise appear in Hansard.

1. Capacity of the S.S. Charlottetown is 45 automobiles on the auto-deck, in addition to which 32 automobiles may be carried on flat cars. Trucks are limited to 8,000 pounds gross weight on the auto-deck, with 7 ft. 5 in. height. S.S. Prince Edward Island can carry 30 automobiles on the auto-deck and, in addition, 24 automobiles on flat cars. Trucks are limited to 8,000 pounds gross weight and 8 ft. in height.

2. 9.5 miles.

3. Alterations to car ferry Prince Edward Island, \$28,079.98.

4. From Cape Tormentine, N.B., to Borden, P.E.I.

Month	1938	1937	1936
January..	12	25	....
February	9	4	....
March..	9	22	5
April..	262	63	157
May..	706	537	508
June..	1,203	996	1,002
July..	2,257	2,033	1,871
August..	3,135	2,776	2,441
September..	1,598	1,438	1,240
October..	988	894	815
November..	618	573	304
December..	76	143	44
Total..	10,873	9,504	8,387

From Borden, P.E.I., to Cape Tormentine, N.B.

Month	1938	1937	1936
January..	16	22	....
February	8	6	....
March..	Nil	22	2
April..	255	47	105
May..	571	455	490
June..	1,066	862	852
July..	2,010	1,807	1,591
August..	3,175	2,806	2,460
September..	1,880	1,683	1,528
October..	1,013	965	809
November..	648	553	347
December..	112	172	61
Total..	10,754	9,400	8,245

5. On nine occasions during the 1938 season automobiles awaiting transfer from Cape Tormentine to Borden exceeded the capacity of the auto-deck of the S.S. Charlottetown. These were taken care of on subsequent regular trips with the exception of three occasions when extra trips were made to take care of the overflow.

In the opposite direction, from Borden to Cape Tormentine, there were fourteen occasions when automobiles awaiting transfer exceeded the carrying capacity of the auto-deck of the S.S. Charlottetown. These were taken care of in subsequent regular trips except on five occasions when extra trips were made to handle this overflow. On August 7 and 21 and September 4 (all Sundays), 9, 2 and 4 automobiles, respectively, were left at Borden after the last trip of the boat.

Hon. Mr. DANDURAND.

6. (1) Charge per Vehicle One way Round trip

Motor vehicles (with or without side carriers)..	\$ 2	\$ 3
Passenger automobiles.. . .	2	3
Passenger automobile trailers..	2	3
Sightseeing automobiles.. . .	6	12
Trucks, automobile..	6	12
Truck trailers..	4	8
Vehicles, any type, dimensions of which require loading on flat cars.. . .	10	20

(2) In 1934 the return fare for motorcycles without side carrier was reduced from \$4 to \$3, and the one-way fare with side carriers from \$4 to \$2, and return fare from \$7 to \$3. At the same time the one-way fare for passenger autos was reduced from \$4 to \$2, and return fare from \$7 to \$3.

(3) Revenue derived from automobile carriage, 1938, \$35,595.

7. Deficits in car ferry operation:

1936..	\$ 303,440
1937..	333,287
1938..	387,642

THE LEAGUE OF NATIONS
INQUIRY

Hon. Mr. SAUVE inquired of the Government:

1. Since its institution, how many countries have withdrawn from the League of Nations?
2. Is it a fact that, in becoming a member of the League of Nations, Canada has undertaken to participate in the defence of countries members of the League of Nations that might be attacked?

Hon. Mr. DANDURAND: The answers are as follows:

1. Nine states (including Austria) have definitely withdrawn from the League of Nations, and four others have given two years' notice of their intention to withdraw.
2. No.

NATIONAL RAILWAYS AUDITORS BILL
FIRST READING

Bill 22, an Act respecting the appointment of Auditors for National Railways.—Hon. Mr. Dandurand.

OTTAWA AGREEMENT BILL
FIRST READING

Bill 25, an Act to authorize an Agreement between His Majesty the King and the Corporation of the City of Ottawa.—Hon. Mr. Dandurand.

LOAN COMPANIES BILL

FIRST READING

Bill 27, an Act to amend the Loan Companies Act.—Hon. Mr. Dandurand.

TECHNICAL EDUCATION BILL

FIRST READING

Bill 33, an Act to amend the Technical Education Act.—Hon. Mr. Dandurand.

TRUST COMPANIES BILL

FIRST READING

Bill 28, an Act to amend the Trust Companies Act.—Hon. Mr. Dandurand.

FOOD AND DRUGS BILL

FIRST READING

Bill 13, an Act to amend the Food and Drugs Act.—Hon. Mr. King.

Hon. Mr. KING: Honourable senators, with the leave of the House I would move that this Bill be put down to be read a second time to-morrow.

Right Hon. Mr. MEIGHEN: That is what I was going to suggest. There was some objection to this Bill in its original form, and I am not certain whether that objection carries on to the Bill in its present form or not. If it does, I would suggest that the Minister be prepared to have the Bill submitted to committee to-morrow afternoon, so that it might be gone over a first time. I think the Bill in the main is all right, though I do not like to see these continual expansions of departmental machinery.

Hon. Mr. KING: I may say that the objection raised to the Bill in the House of Commons has been pretty well ironed out, and the Bill has been accepted by the Pharmaceutical Association and the manufacturers. If we take the second reading of the Bill to-morrow we can then go into Committee of the Whole, should it be so desired, although this type of Bill has usually been referred to a select committee. Objections can be raised in Committee of the Whole.

Right Hon. Mr. MEIGHEN: I had in mind referring it to the Committee on Public Health and Inspection of Foods.

Hon. Mr. KING: Such has been the practice.

Hon. Mr. DANDURAND: Do I understand that the right honourable gentleman is agreeable to the second reading being taken now, and the Bill being sent to committee?

Right Hon. Mr. MEIGHEN: No; to-morrow. The reason is that I am expecting to hear from certain people.

Hon. Mr. KING: It is your desire to have second reading to-morrow, and then to wait for the committee?

Right Hon. Mr. MEIGHEN: Yes.

The motion was agreed to.

THE LATE SENATOR SPENCE

TRIBUTE TO HIS MEMORY

Hon. RAOUL DANDURAND: Honourable senators, I rise to inform the Senate officially of the demise of one of our colleagues, the Honourable Mr. Spence, who was with us when we separated some three weeks ago.

I did not know my honourable colleague the senator from Toronto very intimately, the reason being that shortly after he entered this House an ailment prevented him from playing an active role in our Chamber. Senator Spence constantly expressed a desire to do his part in the work of any committee to which he might be called, and I have often had visits from him during which he told me he was very eager to perform his duties as a senator, even though he felt the grip of disease upon him.

The late Senator Spence had had a very interesting career at the Bar in Toronto, and was one of the lights of the Bar of Ontario. He had always shown considerable public spirit. There are those who are wont to speak somewhat flippantly of "politicians." They mean, of course, those men who are interested in public life and who devote considerable time to the study of politics, economics and other matters of interest to the State as a whole. It is said that when we die the term "politicians" is dropped, and that we pass on to the higher stage of statesmanship.

Senator Spence was a devoted citizen. He interested himself in the affairs of the country, and once or twice was a candidate for election in Ontario, but he never reached the House of Commons. Unfortunately, when he came here he could not give us the full benefit of his experience and knowledge. I have received from his family a letter thanking the Senate for flowers sent to his funeral, and stating that from the moment of his appointment to the Senate his life was devoted to this House and to public affairs in general. I desire, in the name of the Senate, to express to his family our deep regret at his departure.

Right Hon. ARTHUR MEIGHEN: It was with deep regret that his numerous friends learned of the death of Senator Spence. In Toronto he was indeed well known. His life was pretty much an epitome of the lives of many successful Canadians; lives of ambition rewarded by success. He came from one of our western Ontario rural points, passed through our schools, graduated in law, became a student in a law firm and rose to be himself head of a firm of considerable dimensions, took a modest but active interest in public affairs, entered this House, and throughout his career succeeded in making very many his friends and made none his foes. He was rewarded as well by a happy domestic life, and leaves a family which is a great credit to him.

I join with the leader of the House in expressing the regret of all at his departure, and our sympathy with the members of his family.

Hon. DUNCAN MARSHALL: Honourable senators, as I happen to have been a personal friend of the late Senator Spence over a long period of years, may I be permitted to include a word? He was born and raised in virtually the same neighbourhood as I was. His parents were immigrants from the Orkney Islands and, like a great many people who settled in the same part of Bruce county, knew more about sailing and fishing than they did about farming. Mr. Spence, when a youth, was never afraid of a day's work, and he went out on a farm and put in hard work with his hands to earn the money which enabled him to attend Walkerton high school and get a teacher's certificate. After getting this certificate he never failed to put in industrious weeks each summer earning a little more money. He was always on hand when work was offering, and wherever he went he made friends by doing in a satisfactory fashion the things he undertook.

His people came from a section of Scotland where education is highly prized, and so he determined to get an education for himself. He passed his ideal on to his family, every member of which is an honour graduate of a university and engaged in a very useful occupation at the present time.

Jim Spence was a man of his word, a man of courage, a man of character and ability, and when he undertook to do a thing he saw it through. His friends will remember him, his household and his hospitality for a great many years to come.

Hon. Mr. DANDURAND.

CANADA'S RAILWAY PROBLEM MOTION

Hon. C. P. BEAUBIEN rose to move the following resolution:

That, with a view to completing the inquiry pursued during last session by the Special Railway Committee of this House and preparing and submitting an adequate report on such inquiry, this Special Committee be reappointed 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 the said Committee be reappointed with the same personnel, and, therefore, that it consist of Senators Beaubien, Black, Buchanan, Calder, Cantley, Côté, Dandurand, Graham, Haig, Hugessen, Horsey, Jones, Hardy, McRae, Meighen, Murdoch, Parent, Robinson, Sharpe and Sinclair.

He said: Honourable senators, to correlate my present resolution with the work done by the Special Committee on Railways last year, I want to state at the outset that this resolution is couched in almost exactly the same terms as the motion made last session for the purpose of having that special committee appointed. The personnel is the same, the purpose is the same and the committee's powers are the same.

In order to pick up the thread of the committee's work where we left it last year, I think it would be advisable to refresh our memories by referring, if only briefly, to the interim report made by the committee just before prorogation. It read in part as follows:

The evidence before the committee was not completed until very shortly before prorogation and consequently the committee has been unable, through lack of time, to analyse the vast mass of material before it in such manner as to enable it to present a report either satisfactory to itself or valuable to the public. The proceedings before the committee and the publicity given thereto must have contributed greatly to the information of all interested and should be of inestimable value in the further consideration of the problem by the Government and people of this country.

Having regard to the desirability of completing the inquiry, and to the preservation of the value of the examination already made, and the preparation of an adequate report thereon, the committee recommends that it be reappointed early in the next session of Parliament. The intention is that a thorough review shall be made of all evidence and other material already at the disposal of the committee, and a report thereon presented to Parliament.

The committee may deem it advisable, when later convened, to obtain further data bearing upon the general problem and its possible solution.

This report was presented to the House and unanimously approved. In speaking on the report the honourable leader of the Senate

(Hon. Mr. Dandurand) expressed himself as follows:

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.

A few weeks ago, just before our last adjournment, the right honourable leader on this side of the House (Right Hon. Mr. Meighen) very strongly recommended the reappointment of that committee. In so doing he called attention to the fact that the revenues of the country had been greatly reduced during the course of last year, and that unfortunately the deficit of the Canadian National Railways had been very largely increased. That is not a pleasant retrospect, but what of the days that lie ahead of us? Unemployment relief is still a heavy burden. Although there has been a reduction in the number of idle hands, we are still spending \$100,000,000 a year on unemployment relief. That means \$900,000,000 in nine years. I understand that the Government now propose replacing relief to some extent by public works, contributing to them in the proportion of forty to fifty per cent of their cost. I consider that the intention to do away with relief is a very estimable one, for in my opinion relief is eating very deeply into the moral fabric of our population. But we must not forget that in order to bring about equal results in the subsistence of our people who are now unemployed, public works will cost infinitely more than relief. And, to carry them out, large amounts will have to be found. Indeed, the Minister stated not long ago that these public works would be on a very large scale, and this has been interpreted by the press in many parts of the country as being in the neighbourhood of \$100,000,000.

The country has to meet a heavy loss on the purchase of Western wheat. The extent of that loss will not be ascertained, I understand, until the beginning of August, but we

know that it will be very substantial. Then, I understand, the Minister of Agriculture wants to inaugurate a per-acre allowance. What amount will be required for that I do not know, but evidently it will be great; and this too will have to be found.

Our expenditure on defence has grown from \$35,000,000 to \$63,000,000, which sum also will have to be forthcoming. This growth marks in a very striking way, it seems to me, the degree of the nation's anxiety. It could hardly be otherwise, after the hectic days that we have lived during the last year. We have lived and are, after all, still living under the menace of perhaps undeclared, but swift and murderous war.

Finally, we have the Canadian National Railways, which again this year show a loss of \$100,000,000. Whatever people may state, it is \$100,000,000—\$48,000,000 in interest alone on the country's investment in that unfortunate venture, and \$52,000,000 shortage in the interest due to the public. Furthermore, the Canadian National now intend to spend \$12,500,000 on their terminals at Montreal. No doubt, as frequently has been the case in work of that kind, this will prove to be very much more expensive when completed than it seemed when proposed. Year after year the officers of the Canadian National Railways have told us that the system was on the eve of showing an operating surplus, but each annual report has disclosed a deficit. And the current deficit, like the deficits of previous years, will have to be met by the country.

Evidently we are heading for a year of untold expenditure—I might say of untold extravagance. Where will the money be found? Either by taxation or by borrowing, which is virtually the same thing in the long run. This means that all the people, rich and poor alike, will have to bear a greater and more irksome burden of taxation. It means also that the wheels of business will be still further retarded and the much hoped-for day of prosperity still longer postponed. Conditions are far worse this year than they were last, and if the Senate had good reason then, in seeking retrenchment and economy, to investigate this vicious problem thoroughly, it has far more reason to complete its work this year. There is no doubt that the investigation was received very favourably throughout the country, for our people feel that the transportation problem is the most difficult of the problems confronting us. After all, conditions abroad as well as in Canada might tend to remedy our relief and our wheat troubles, and might even bring about a substantial reduction in our defence expenditure; but what can favourably affect our

railway problem? For the last seventeen years, with but two exceptions, the Canadian National results have been disheartening, and the increasing deficits have now reached the point where financial calamity threatens.

Honourable senators, no doubt the public was satisfied to see the Senate address itself to this problem, for it felt that as a malignant cancer it must be studied with almost clinical care, and treated with absolute impartiality. If the public was somewhat disappointed with the interim report of the committee, it must have realized that in the circumstances anything else was impossible, and I am certain it was heartened by the promise that the Senate would complete the work this year. Now we are face to face with that promise. The public trusts the Senate—has faith in our promise. We have already gathered together a wealth of information from the highest and most capable authorities in the railway art. We have complained, and with reason, that the Government have given us nothing to do, but now we have work of our own to perform, and it seems to me that we cannot do otherwise than resume our investigation, complete it, and draw therefrom such conclusions as may be justified. If I may borrow again the words of the honourable leader of this House (Hon. Mr. Dandurand) I would say that at the present moment, face to face with our promise and with the work already done, we owe it to the Senate and to ourselves to continue our efforts of last session and bring them to a proper conclusion.

With these few remarks, I move the motion in my name.

Hon. **RAOUL DANDURAND**: Honourable senators, I must confess that I am somewhat perplexed as to the task which will confront the committee to be appointed, and my perplexity arises from conditions familiar to everyone in this Chamber. When, last session, at the request of my honourable friend (Hon. Mr. Beaubien), we discussed the advisability of appointing a committee, we were reminded of Sir Edward Beatty's suggestion for unified management. I then stated the Government's policy and read the programme of the Liberal party as laid before the people in the elections of the autumn of 1935. On the railway question there was this pronouncement: The Liberal party stands for the maintenance of the integrity of the Canadian National Railway as a publicly-owned and publicly-controlled service.

I realized then, and do now, that, as a Minister of the Crown, I am jointly responsible in this Chamber for the policy of the Government of the day. That responsibility is personal to myself; the Senate is a free

Hon. Mr. **BEAUBIEN**.

agent and can propound its own views and even express its own policies as it deems fit.

Last session a committee was appointed and studied co-operation as laid down by the Act of 1933, which my right honourable friend (Right Hon. Mr. Meighen) sponsored in this Chamber. The committee also studied unified management as suggested by Sir Edward Beatty. It went into the matter thoroughly at some thirty meetings or more, and heard experts from the two great railway systems.

To-day the situation is somewhat altered. Now we have before us the railway policy of the Conservative party as expressed at the convention of July last. I believe that convention was attended by most of the honourable members of this Chamber who stand by Conservative principles. There a resolution was adopted unanimously—and I think I am citing it textually—in opposition to any plan of unification or amalgamation of the two great railways of Canada, and to any form of monopoly of railway transport, either private or public. If my honourable friends facing me still adhere to those views, I feel that the work of the committee will be somewhat limited as compared with the ground covered last session, for it will be limited mostly to co-operation under the Act of 1933, which apparently the two great parties still favour. Last session when the committee ended its labours Sir Edward Beatty made a suggestion. He felt that we might perhaps be lost in the formidable and contradictory mass of figures produced, and so he suggested that we ask the Government to appoint high-class railway experts to test those figures and ascertain their respective values.

I may say that since that matter came before us, both in the committee and in this Chamber, I have brought it to the attention of the Government. The Government are averse to appointing such a group of railway experts, for several reasons, the most important being that it would imply a readiness on the Government's part to change their policy of co-operation to a policy of unification or amalgamation. My honourable friend has mentioned once or twice that the public is expecting the Senate to do the right thing by the country. We are not the directly elected representatives of the people. This important condition must be faced, that to-day there is in the House of Commons what I may term unanimity against the principle of unified management, or amalgamation of any kind. I have just read the resolution unanimously passed by the convention of the Conservative party. Its leader has been up and down the country declaring his hostility to unification or amalgamation. We are therefore back to the Act of the Bennett Government of 1933,

which directs the two railways to eliminate competition to as great an extent as possible, yet not to the point of amalgamation.

I know the difficulty we shall have in committee between the respective supporters of co-operation and of competition. Last year we discussed these two points of view for weeks and weeks. Undoubtedly the ills of the Canadian Pacific are grave and need very careful consideration, but the company must face the situation that public opinion as represented in the House of Commons, for the time being at all events, is against amalgamation or unification. The executives of the two railway companies know very well what can be done to improve their respective conditions, and apparently the only deterrent to closer co-operation is the fear that some concession by one company may be to its detriment and to the advantage of the other company; that there will be no quid pro quo. If the two executives would get together and make a careful study of what should and could be done, substantial results would doubtless ensue.

That is the situation which now faces us. I have no objection to the motion of my honourable friend. The committee may be able to give useful advice to the two railway companies for the solution of their troubles. One thing struck me during the concluding days of last session, and I mentioned it to some of my friends on the other side. We did not explore the question of obtaining from the Canadian National Railway management details as to all the productive and all the unproductive mileage, so that we might have a general view of the Canadian National system throughout the Dominion.

There is another matter, also of very considerable import, which we could examine, and which would call for an amendment to the Act of 1933. It is a matter which was but incidentally mentioned in the Act, concerning the unemployment resulting from alterations in the whole system. It would be for us to try to see if we could not induce the Government to examine into the question of sharing with the Canadian National and the Canadian Pacific Railway in compensating the employees laid off. If the two railways get together seriously, with a will to succeed and to improve their own conditions, there will undoubtedly be thousands of employees laid off, because practically eighty per cent of the economies are represented by the sacrifice of labour.

Hon. Mr. BEAUBIEN: Fifty per cent.

Hon. Mr. DANDURAND: Well, fifty per cent.

Hon. Mr. MURDOCK: Oh, nonsense!

Hon. Mr. DANDURAND: Of course I was looking to my friend from Parkdale (Hon. Mr. Murdock). There was in Washington, in 1936, I think, a meeting of the carriers and the employees for the purpose of trying to alleviate the situation of laid-off employees, and a solution was reached which I believe was satisfactory to both sides. But it strikes me that if something is done which would result in the laying off of a large number of employees, the Government would be interested in seeing that they did not fall back on the State for relief.

These are some of the questions we might discuss in the committee. I do not know to what extent we shall reopen our inquiry. That will be for the committee to decide. We had completed our inquiry on certain lines. We may now reopen certain features.

My honourable friend has mentioned in his remarks the \$12,000,000 that will be spent for the terminals at Montreal. I was absent from the country some three months when I heard what had been decided, and I confess that I knew nothing about the question. It had not come before me. Since then I have taken the trouble to examine into the situation, and, unless I receive better light in the committee I shall remain convinced that the erection of that terminal is one of the important things to be done. I will ask no one in the Senate to accept my dictum; I am not an expert; but from the data I have had I am convinced that the thing has to be done. Of course I know that Sir Edward Beatty is dissatisfied. He wanted the Windsor station to be the terminal. I am told it is absolute nonsense to think of it as a union station.

Hon. Mr. COTE: That is not what we were told by the witnesses last year.

Hon. Mr. DANDURAND: The question was not stressed.

We can ask the Canadian National and the Canadian Pacific what they have done since the 1st of July in the way of co-operation. We want full light upon the administration of the Canadian National, but we want for our own railway a certain measure of fair play. They have not raised their voices, but we know the Publicity Bureau of the Canadian Pacific Railway and Sir Edward Beatty are constantly on the job and constantly stressing the fact that the Canadian National is losing large sums of money. I think the Canadian Pacific Railway representatives would appear in a better light if they were candid about their campaign and spoke of their own needs. We shall discuss these matters when we go into committee. I simply raise my voice now to say that a

constant campaign, an organized campaign, has been carried on against the Canadian National with a view to bringing about unified management. The idea of Sir Edward Beatty is a common partnership with the Canadian National under one form or another, and the form he has selected is unified management. Well, the public, represented by the House of Commons, has said, "No." The Senate can say, "Yea," but at the same time, I think, we shall have to take note of the fact that whatever comes from this Chamber will reach the other Chamber, which will have to express its opinion upon our decisions.

Hon. Mr. McMEANS: Would the honourable gentleman permit a question? Has there been any arrangement made, or any policy enunciated, under which more money is to be spent on the terminals in Montreal?

Hon. Mr. DANDURAND: Would the honourable gentleman repeat the question?

Hon. Mr. McMEANS: Is there any arrangement or any proposal to spend another few million dollars on the Canadian National terminals in Montreal?

Hon. Mr. DANDURAND: I did not catch the first phrase exactly, but I may say this. Some \$17,000,000 have already been spent, and the result of the expenditure is lying there unproductive. Now \$12,000,000 more will be spent. I would not bind myself to the payment of whatever additional sum would need to be spent. This \$12,000,000 will give us a central station to meet the needs of the Canadian National Railways. Traffic from east of Montreal, south of Montreal and north of Montreal will come to that station. The C.P.R. Windsor station can attend to the western passenger service. I have only to look at a map of the location and observe the topography to be sure from the information I have that for its business from the north, from the south and from the east the Canadian Pacific will come to that terminal willy-nilly. This view will be discussed in committee. I am not ready to answer all the questions of my honourable friend, but from the statements I have had I feel that the Canadian National owes it to itself, and the metropolis of Canada owes it to itself, to have that central station, upon which so large an amount has already been spent.

Hon. Mr. McMEANS: The honourable gentleman has referred to the north, the south, the east and the west. He has forgotten one point, the air.

Hon. Mr. DANDURAND: The Canadian National is attending to the air, and will be giving a splendid service in the air from the Atlantic to the Pacific.

Hon. Mr. DANDURAND.

Right Hon. ARTHUR MEIGHEN: Honourable gentlemen, I confess that I have never risen in this House under such a sense of discouragement or of disheartenment as oppresses me at this moment. Taken suddenly by this complete shift of position on the part of the leader of the Government, I feel myself incapable of expressing my astonishment and dismay at the turn events have taken. The leader of the Government says he is perplexed to know what this committee can do in pursuing its investigation. He is not half as perplexed about that question as I am to know what has taken place in his own mind. I could hardly conceive of the leader of the Government presenting such an attitude to the House at this time.

A moment's review of the history of this subject makes so utterly untenable and absurd the position taken now that I know some pressure, which, of course, is past my vision, has been placed upon the leader of the House to compel him to take this stand.

A committee was appointed last session for a specific, thoroughly well-defined and very important purpose—to make inquiry as to the real facts concerning our railway problem; to seek, by an examination of those facts, some solution that it could recommend to Parliament and to this country in order to lift the whole, if possible, or if not, as large a part as possible, of the terrific burden that rests on the taxpayers of Canada year by year. It was for this purpose a committee of this House was appointed. It sat throughout the session. Forty-five meetings were held. It took evidence from every source from which it could obtain evidence. It reached the end of the session and found it could not complete its work, for the reason that there was not sufficient time to marshal the facts, digest the evidence, and enable each of its members in his own sphere to come to a conclusion and make a recommendation to Parliament. So the committee asked that an interim report be accepted, in the body of which was a recommendation that its work be pursued and finished this session.

Hon. Mr. DANDURAND: I concur in that.

Right Hon. Mr. MEIGHEN: The honourable member concurs after declaring in advance that one of the solutions which have been most prominently before our committee and our country is barred already. In the middle of their consideration he tells the jury there is one verdict there is no use in giving, and he tells them in the name of the Government of Canada.

Hon. Mr. DANDURAND: And in view of the position in the other House.

Right Hon. Mr. MEIGHEN: Not at all. Are we bound by positions or parties of any kind? Are we the mere playthings of the ambitions of parties? Is that the level we are brought down to now?

Hon. Mr. DANDURAND: If my right honourable friend will read my remarks he will find, I think, that I said I was personally somewhat restrained through my joint ministerial responsibilities, but that the Senate was not.

Right Hon. Mr. MEIGHEN: Not the Senate? The honourable member is telling us in the name of the Government that if we find so and so it will be futile, for that finding is vetoed right now. That is what he told us, and he spoke in the name of the Government of Canada.

Hon. Mr. DANDURAND: I stated what was the Government's policy.

Right Hon. Mr. MEIGHEN: In the middle of our inquiry he tells us there is no use in finding one certain way, and he says, "The reason I take this stand now is that something has intervened since I took a wholly different stand last session; since I told the House we needed to complete our work and had to have more time to do it—that we had to reconvene so that we might consult those better able to judge than we are of the comparative values of evidence." What has intervened? There has been a Conservative convention. That is what has intervened. Dear me! Does the holding of a Conservative convention determine the attitude of the Government of Canada?

Hon. Mr. DANDURAND: No.

Right Hon. Mr. MEIGHEN: Does the holding of a Conservative convention and the passing of a resolution determine the conduct of the leader of this House?

Hon. Mr. DANDURAND: No.

Right Hon. Mr. MEIGHEN: Was there any reason to believe the Conservative party ever had any view different from that expressed in July? Up to that time its policy was on the statutes, the same policy it adheres to now. Up to that time its policy in this regard was the policy which was pronounced as having been expressed by the Prime Minister before the last election. There has been no change, not a variation; the situation is exactly as it was. Then is not our duty exactly the same? Are we not just as free and untrammelled in the exercise of that duty as before?

Hon. Mr. DANDURAND: I have said so.

Right Hon. Mr. MEIGHEN: No. The honourable member has not said so. He would tie us hand and foot, and has declared there is only one way we can walk to get anything done whatever. "If you go the other way," he says, "we will bar you; we will see that you get nowhere. You can," he says, "go back and inquire if there is not some way to put money into the pockets of men who have lost their jobs through co-ordination; you can roam around in that little field all you like; but if you seek a solution of the big railway problem that bears down upon this country, look out. There is one gate barred, and I am bolting it now." That is the speech of the leader of this House.

I do not know what we can do. I think the whole status of the Senate has been reduced by the leader's speech to-night. If this House is to be nothing but the reflection of the will of political parties, the sooner the country calls for our abolition the better. We have no worth-while purpose to serve for the good of Canada.

My hands are not tied in the slightest by any resolution of any party, and the hands of the honourable leader of the House are no more tied than mine. He is just as free today as he ever was. He never should have allowed anyone to persuade him to come and make such a statement to Parliament as he has made to-night.

Hon. Mr. DANDURAND: Will the honourable gentleman allow me? It is the very statement I made twice in this Chamber before the motion appointing the committee was presented.

Right Hon. Mr. MEIGHEN: Oh, no. The honourable member never barred any doors.

Hon. Mr. DANDURAND: Oh, yes. The honourable gentleman will find that I stated what was the policy of the Conservative party and of the Liberal party in the elections of 1935, and the policy embodied in the programme of the Liberal party in 1935 is the one that guides the Government of the day till the next election.

Right Hon. Mr. MEIGHEN: But the honourable member did not say that because of the policy of the Conservative party, or the policy of the Liberal party, there was no use in making a recommendation in a certain direction; and that is what he has said to-night. He has said: "We are decided now. We are not going to move in the direction of one of those solutions."

Hon. Mr. DANDURAND: I said the Commons were satisfied—

Right Hon. Mr. MEIGHEN: He said the Government were.

Hon. Mr. DANDURAND: The Commons.

Right Hon. Mr. MEIGHEN: Can we do nothing in the face of that? Are we not free to seek a solution in another way, to drive it home to the consciousness of the people of the country and the Government of the day? That freedom we were denied by the leader of the House.

Hon. Mr. DANDURAND: Oh, no.

Right Hon. Mr. MEIGHEN: Oh, yes. Where is the difference? He told us: "Do not dare recommend that this evidence be laid before a committee of engineering experts to find out which is true and which is false, because the Government will not stand for it. And the Government will not stand for it for the reason that they will not bring into the House anything which admits of the possibility of their changing their position on the railway question."

Hon. Mr. DANDURAND: Yes, I said that. And I said that this refusal would meet with the unanimous approval of the House of Commons.

Right Hon. Mr. MEIGHEN: I am not a whit concerned about that. I am concerned about the freedom of this House to pursue its course, seek to bring out a solution and drive it home. The leader of the House says: "We will not let you have the money, because if we let you have the money we admit that we are open to conviction; and we are not." That is the position the leader took.

Hon. Mr. DANDURAND: Well, that is true; that is the situation.

Right Hon. Mr. MEIGHEN: But that is most humiliating for the Senate of Canada, and the honourable gentleman is the leader of the Senate of Canada. It is true, I know; it is lamentably true, it is disastrously true. And it is the most calamitous statement the honourable member has ever made in this House.

Hon. Mr. DANDURAND: Will my right honourable friend allow me to remind him that whatever resolution we pass here has to go to the Commons for their opinion?

Right Hon. Mr. MEIGHEN: Certainly, I know that.

Hon. Mr. DANDURAND: Then, if it is rejected, where are we? In 1925 we passed a unanimous resolution here, and my right honourable friend, who was the Leader of the Opposition in the other Chamber, spurned it.

Hon. Mr. DANDURAND.

Right Hon. Mr. MEIGHEN: Of course. Will the honourable leader not stand to the point? That we find or recommend a solution does not mean that it must be accepted by this country or by the other House. I know that. We should be none the less free, and it is our plain duty to steer our way to a solution. We are or ought to be just as free now as we were before, but the honourable leader says we are not. He says the situation has changed. The situation as affecting us has not changed in the slightest, and the honourable gentleman should not regard it as having changed. Nor should he ever have announced to the Senate what he, as a member of a committee of this House, is going to do in relation to a subject which has not yet been reviewed by that committee.

The honourable leader tells us that the situation has changed because of something done at a Conservative convention. It has not changed a particle, and the honourable member knows it has not. What was declared there was the policy of both parties right up to that time. It is surely for the Senate to stand above both parties and see if we cannot be useful to Canada, and to Canada's Government, whatever it may be, in relation to the great problems that vex our country. The honourable leader should have welcomed this resolution with all the vigour that is in him. He ought to have done so in justice to the Senate and in justice to his high position. He never should have sought to let the country get the idea that because a political party puts on its programme a resolution emblematic only of the position it has taken for years, our duties are confounded, our hands are tied, and there is little more we can do.

I support the resolution, and I beg of the leader of the House to come back to the committee, as I and all the rest of us will come back to it, to address ourselves to the problem with the same earnestness with which we left it last session, untrammelled by the opinions of anybody, untrammelled by the judgments of any party, to seek a way through this dark and forbidding mass, this appalling mountain which stands in the path and threatens the credit of Canada.

We listen everywhere to talk about the unemployed and about people losing jobs. People are losing jobs because enterprise is contracted and timid, and they will continue to lose jobs so long as enterprise remains in that mood. A great newspaper says this morning that money is huddling in the banks, that people are afraid to invest in new enterprises, and it attributes that fear to prognostications of woeful prophets that we are on the verge of bankruptcy. But it is not prognostications of prophets that do the harm

at all. The harm is being done by actual facts bearing down on men of enterprise and units of enterprise,—the actual facts of taxes, with Government officials filling up offices and trying to extract every cent they can; the danger of more officials and more taxes; the piling up of deficits which can result only in additional taxes or in what is worse—inflation. These things take away every incentive to industry and effort; these are the deadening weights bearing down upon industry; these are the causes of our unemployment. To fiddle away trying to help this fellow who is out and that fellow who is out, to keep on spending millions more, such as \$50,000,000 on railways—\$60,000,000 it will be this year—and \$50,000,000 on wheat, and \$80,000,000 on pensions, much of which pension burden we never should have got under at all—to keep on doing these things does not help and cannot lead to any destiny except more unemployment, and, in the end, collapse. There never was driving in on Parliament a duty more trenchant or more fateful than that of finding some way out of this railway impasse. Let us not be affected by the prospect of an election occurring this year or next year or whenever it may be. Elections in their effect on the extravagances of government have been the greatest curse this country ever suffered. Surely it is for the Senate to find a way and point it out. Even if we cannot succeed in having our plan adopted, we shall at least be able to say that we have done our part.

Hon. Mr. DANDURAND: All I can tell my right honourable friend is that I have agreed to that motion. So we are together ready to go into the committee.

Right Hon. Mr. MEIGHEN: Yes, agreed to it with words that damn it very severely.

Hon. JAMES MURDOCK: Honourable senators, I rise to state that I am heartily in accord with the motion of the honourable senator opposite (Hon. Mr. Beaubien). I think this committee should again be convened to go into, and secure if possible some conclusions upon, the enormous amount of evidence that was placed before the committee at the last session of Parliament. I was particularly pleased with my honourable friend's resolution when I noticed these words again included, as they were last year: with power to send for persons, papers and records.

I hope that if there is to be further investigation into this matter, which is one of the most important questions in Canada—if not the most important—that persons, papers and records will be sent for and secured. And in that connection may I refer to a new star

that has arisen in the unification skyline or firmament since we prorogued on the first day of July last? I have received, as I am sure all other honourable senators have, a great amount of correspondence relating to our railways, published by the Citizens' Group for Railway Action, 611 Temple Building, Toronto, Ontario. I believe we have all been deluged with these papers. Yesterday there came to me some more samples, together with a little typewritten note from some timid soul who, without signing his name, said:

My dear Senator,

Who finances this gigantic conspiracy to ruin the Canadian National Railway enterprise, the property of the people of Canada?

I do not necessarily subscribe to that particular language, but I think this committee, which my honourable friend has indicated by motion he wants reappointed now, should send for persons, papers and records to ascertain whence comes this statement from the Citizens' Group. I could quote you some things here—I am not going to do it—from their printed records, which could be proved absolutely untrue. Who is putting up the money for this? Whence come the funds for carrying on this campaign? It is a campaign in favour of what? In favour of settling the railway problem. How? By unification that will guarantee to the holders of certain railroad securities the dividends that they have enjoyed for so many years. By all means let us get down to business with this committee, send for persons, papers and records in connection with this Citizens' Group, and ascertain from where comes the support that enables them to be one of the best customers that the Canadian Post Office Department has had during the last few months. We should get some facts on why they are doing this and who is paying the shot.

Hon. ARTHUR SAUVE: Honourable senators, although I am not very strongly in favour of resuming or continuing the inquiry into the Canadian railroads problem, I do not intend to object to the proposed committee completing its work, if possible, so that it may bring in a suitable report, sufficient for this inquiry.

May I be allowed to express the disappointment I felt last year on finding that the committee had considered it neither practicable nor suitable to hear, along with a number of the present officials of the Canadian National, some men who can speak of the existing situation of the Canadian National without fear of displeasing the Minister of Transport or compromising the Government. I have in mind men of large experience, who are free to give us the benefit of that experience: men like Mr. Morrow, of Toronto,

and Mr. Edouard Labelle, of Montreal, who acquired precious knowledge through acting for several years as directors of our National network. Is it because our honourable colleague from La Salle (Hon. Mr. Moraud) was also a director of the Canadian National that he is not proposed as a member of the committee sponsored by the honourable gentleman from Montarville (Hon. Mr. Beau-bien)?

Last year the committee was the scene of a long contradictory meeting between representatives of the Canadian Pacific Railway and the Canadian National Railways. We need exact knowledge on the financial situation and the administrative perspective, so that the public and Parliament may find a solution of our rail problems. It is impossible for any Canadian to remain indifferent if the Canadian Pacific Railway faces bankruptcy, for this company's development is synonymous with that of our country. But the money of the people, the billions spent by our governments for the building, the upkeep and the maintenance of the Canadian National railroads, can we overlook all that? The leaders responsible for the welfare of the country cannot be indifferent in that respect. Are we sufficiently informed on the true financial situation of the two railroads to judge with authority? Could the committee last year encompass the financial problem due to the Canadian National Railways' deficits? It is hard to think so, after reading the report of the sittings.

I read last month, in a magazine called *L'Actualité Economique*, of Montreal, an excellent article written by a distinguished young lawyer and professor of Montreal University, Mr. Jean-Marie Nadeau. He discusses with great clarity the main facets of the problem. This article, altogether very impartial, deserves to be included in the record, if I may have the permission of honourable members to place it there.

The motion was agreed to.

INQUIRIES NOT ANSWERED

On the motion to adjourn:

Hon. Mr. SAUVE: May I ask the honourable leader why the Senate has not received answers to inquiries Nos. 3, 4 and 5 on the Order Paper?

Hon. Mr. DANDURAND: I shall inquire to-morrow morning from the various departments concerned and find out why they have not been able to give me the answers to these inquiries during the past three weeks.

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

Hon. Mr. SAUVE.

THE SENATE

Wednesday, March 8, 1939.

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

Prayers and routine proceedings.

PRIVATE BILLS

FIRST READINGS

Bill B, an Act to ratify and confirm the agreement respecting the joint use by the Canadian Pacific Railway Company and The Midland Railway Company of Manitoba of certain tracks and premises of Canadian Pacific Railway Company at Winnipeg, Manitoba.—Hon. Mr. McMeans.

Bill E, an Act to change the name of Ancient Foresters Mutual Life Insurance Company to Toronto Mutual Life Insurance Company.—Hon. Mr. Lynch-Staunton.

Bill F, an Act incorporating the Associated Canadian Travelers.—Hon. Mr. Griesbach.

CANADIAN NATIONAL RAILWAYS AND MONTREAL TERMINAL

DISCUSSION OF REPLY TO INQUIRY

On the notice by Hon. Mr. Black:

That he will call the attention of the Senate to the matter contained in the reply to his inquiry of the 17th January, 1939, respecting Canadian National Railways.

Hon. JAMES MURDOCK: I rise to a point of order. It is entirely unusual for a member of the Senate who has asked certain questions and received replies to them to give notice that he intends to discuss the replies at the next sitting of the House. In this particular case I contend that to proceed with a discussion of them now would be entirely out of order, because last evening we adopted a motion by my honourable friend from Montarville (Hon. Mr. Beau-bien) to refer all the subject-matter contained in those questions and answers to a special committee for discussion and consideration. It should go to that committee, although there are, I know, a number of papers waiting for the claims the honourable gentleman would like to make.

Hon. F. B. BLACK: Honourable senators, first, in reply to the remarks of the honourable member from Parkdale (Hon. Mr. Murdock), I may say that I think I was quite in order yesterday, and if he will read the rules of the House more carefully he will find this to be true. I am quite aware that a member is not supposed to speak on an answer to an

inquiry, but he can give notice that on the following day or days he will discuss the subject-matter contained in the answer. In giving such notice yesterday and handing it in writing to the Clerk, I was quite in order. However, I will relieve the mind of the honourable member for the moment. At the request of some of my friends opposite—not of the honourable member from Parkdale, for he did not make any request—I will postpone my remarks to a more opportune time.

Now I may be allowed to make this remark respecting the replies given to my questions. I am sorry to say that the reply to question No. 3 is an evasion rather than an answer. I asked a very simple question: what was the deficit on the Canadian National Railways for the first nine months of the year. The reply was that no answer could be given until the books were audited for the whole year. That is a reply, but it is not an answer to the question, and I am going to ask that the leader of the House give me a definite answer. We all remember that when we sat in committee for a number of weeks last year announcement was made there and also in the press as to the losses on each railway for the first three months of the year. Later on the newspapers published the losses for the first six months. Aside from anything that I have seen in the press, I know that the system of bookkeeping adopted by the railways enables them to give at any time a monthly statement of their losses or gains, as well as a similar statement for every three months, six months, nine months and year. I hope, therefore, that the honourable leader will get for me an accurate answer to the first question I asked. In the meantime, I will postpone any further remarks.

Hon. Mr. DANDURAND: The answer I gave the honourable senator was that the information would be available on the 15th of March. So I may have it by next week.

Hon. Mr. BLACK: But I might have had it yesterday.

Hon. Mr. DANDURAND: I will draw the attention of the department to my honourable friend's remark.

Hon. Mr. BLACK: Thank you.

The Hon. the SPEAKER: Does the honourable senator from Parkdale (Hon. Mr. Murdock) wish to proceed with his point of order?

Hon. Mr. MURDOCK: That is entirely satisfactory.

Hon. Mr. BLACK: I maintain, however, that I was quite in order.

Hon. Mr. MURDOCK: We will let it go at that.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. ROBINSON, Chairman of the Committee on Divorce, presented the following Bills, which were severally read the first time:

Bill C, an Act for the relief of Edythe Marjorie Burke Atkinson.

Bill D, an Act for the relief of Marie Louise Rossetti Di Rosa.

FOOD AND DRUGS BILL

SECOND READING

Hon. J. H. KING moved the second reading of Bill 13, an Act to amend the Food and Drugs Act.

He said: Honourable senators, perhaps I may be permitted to make a few remarks on the objects of the amendments proposed in this Bill. The initial legislation on the subject by the Parliament of Canada was passed in 1874, under the name of the Adulteration Act. That Act was administered by the Department of Inland Revenue until 1920, when the Department of Health came into being. At that time the Food and Drugs Act was passed, and it has been in force ever since. Amendments were made to the Act on two occasions. In 1927 it was enlarged to bring biological products under its control, and in 1934 provision was made respecting the sale of remedies for tuberculosis, cancer and certain other diseases, if these remedies were advertised to the general public.

The enactment itself is one to protect the public in the matter of food and drugs. With the scientific improvements that are constantly being made, and the advance in chemistry, it is found from time to time that new food and drug preparations are coming on the market. As to drugs, some of them are of such a character that it would be most inadvisable to permit them to be distributed to the public except under very careful supervision.

One of the most important amendments in this Bill is contained in the first section, which extends the definition of "drug." This amendment will provide for surgical materials such as sutures, bandages, gauze, sponges and things of that character to come under the supervision of the department. Heretofore they have not been supervised, and it is well known that at times very serious conditions have resulted from faulty sterilization of suture material, gauzes, sponges, and so on. New biological products that are used to-day, particularly in the diagnosis of allergy, are also covered by this definition. Cosmetics, which now are not controlled in any way, will also, for the first time, be subject to inspection. The term "cosmetics" as used here

is a wide one and includes such things as shaving creams, eye washes, hair dyes, rouge, lipstick, and so forth. Some of these products contain certain substances which may be poisonous and liable to cause severe irritation to the skin. A high degree of care is required in their manufacture and it is felt that the products should be brought under certain control.

It is also felt that the department should have some control over disinfectants, which are used for the destruction of vermin in homes and factories where foods are prepared. These products contain poisonous substances and in appearance are such that they are mistaken for such things as flour, baking soda, corn starch and other ingredients used for cooking in the kitchen. It is hoped that under departmental control some scheme may be worked out whereby manufacturers of disinfectants will colour their products so as to lessen the danger of their being mistaken for the other things I have mentioned.

Some new definitions are contained in section 2. "Medicine" is defined to include certain glandular extracts, which are being made to-day in laboratories throughout the world. These extracts are very powerful in their reaction on the human body, and it is felt they should be subjected to a more rigid control.

Honourable members will notice that "manufacture" is defined as meaning "manufacture for sale." This will not apply to medical research materials nor to certain articles that are distributed to scientific laboratories for testing purposes.

Section 3 provides for control of packaging, the object being to prevent the slack filling of packages. The second part of this amendment requires a declaration of net contents on packages of cosmetics. Under the Act as it reads at present packages weighing less than two ounces gross are exempted, and cosmetics are usually in small packages.

Section 4 empowers the department to designate any Dominion analyst as inspector. As honourable members will understand, the work of the department is extensive, reaching throughout the whole of Canada, and it is almost impossible to maintain at all times an adequate staff of inspectors. The department can designate as Dominion analysts certain qualified persons in the employ of the Dominion, or of a province or city, and under this amendment the department would be further authorized to designate any Dominion analyst as inspector.

Heretofore it has been the practice, but not definitely a requirement, to publish in the Canada Gazette regulations made from

time to time under the Act. The amendment in section 6 will make such publication obligatory, so that manufacturers, importers, dealers and other interested parties may be kept informed of the regulations.

Section 7 gives the department power to order that the manufacturer of any article of food or drug shall provide a certificate that the article in question complies with the requirements of the Act. The reason for this amendment is that in certain products it is difficult to detect irregularities by analysis.

Section 8 is designed to prevent misrepresentation in advertising. That is, it places advertisements on the same footing as labels in this respect.

In section 9 there are new provisions with regard to the export trade. Certain products made in Canada, which are not saleable in this country, because they do not comply with our own Act, can be legally sold in other countries. A form of licence will be provided under which manufacturers will be permitted to export such products to countries where their sale is legal.

Section 10, the last section, provides for proclaiming of the Act in portions, to permit of conformity by the trade with the new requirements. It will be readily understood that the trade will require some months to adjust stocks of cosmetics, for instance, and generally to get into a position for conforming with the Act as amended.

It has been the practice in the past to refer amendments to this Act to the Standing Committee on Public Health and Inspection of Foods. I would suggest to honourable members that this Bill be sent to that committee. Some additional amendments have come in—I received a number myself this morning—from some of the pharmaceutical people throughout Canada. These amendments could be properly taken up before that committee, and we could have the benefit of advice from Mr. Lancaster, who administers the Act in the Department of Pensions and National Health. I shall place before the committee the amendments which came to me through the mail this morning, and if honourable members desire to make any suggestions I shall be glad to have them.

Right Hon. ARTHUR MEIGHEN: Honourable members, speaking generally, I think this is a good Bill, but I am at a loss to understand its constitutional basis, and I do not know any way of perfecting that basis by amendment. This Bill deals with the sale of goods to the public. It seems to me that under the very limited interpretation given by the Privy Council to the trade and commerce provision of section 91 of the British

North America Act this proposed legislation would be found to be ultra vires, and I know of no other section under which we can justify it.

Hon. Mr. DANDURAND: Does that apply to the old Act as well?

Right Hon. Mr. MEIGHEN: Yes, just as much as to this Bill. At the same time, this matter should be under federal control.

Hon. Mr. KING: Undoubtedly.

Right Hon. Mr. MEIGHEN: Could one conceive of anything more ridiculous than seeking to control drug sales and drug traffic through nine provincial agencies? I hope this phase of our powers will come before the standing committee, or those who review its findings. Surely our jurisdiction in trade and commerce should have much wider application than the Judicial Committee of the Privy Council has given to it.

Hon. Mr. KING: In fact, it should be international.

Right Hon. Mr. MEIGHEN: Until a year or two ago, if we had made a treaty in respect to this matter we should have power to legislate, but since then, under that most amazing of all findings which ever issued from a judicial tribunal, I think we could not even by a treaty sustain this proposed legislation. We ought to take care hereafter, by some re-reading, that the powers of the Federal Parliament in respect of trade and commerce as originally intended by the Fathers of Confederation are made secure and unassailable.

So far as I am able to argue the matter, there is probably nothing in this Bill that should not be in it. But I am not so sure of the cosmetic feature. In the development of an organization such as that which supervises the administration of this law, every Government has to be careful that it does not become too much the agent and instrument of its own officials. Once an organization is established, all those composing it become enthusiasts, as any of us would if we were of its personnel. The best of them become very efficient in their work and exceedingly ambitious to make the organization of great use to the country, and every effort is exerted to extend its boundaries and consequently its importance. I think on the whole the organization in charge of our Food and Drugs Act is a good one, but I have some doubts when I see it continually stretching out its wings and its claws to get more and more under its control. The Minister says: "We find we have to take charge of cosmetics because, if impure, they may be injurious. Tooth paste may hurt the gums if it is not

properly made or does not contain proper ingredients. Shaving soaps may sting, or may indeed produce poisonous eruptions on the skin. Therefore we have to look after these things." I am not so sure. The ordinary person using something taken internally cannot tell until months afterwards, and much too late, whether it does him harm or not; hence the need of expert supervision; and the technical staff of the department renders an excellent service in supervising such remedies as for long years were sold to an innocent public by fraudulent cranks. But how could anybody succeed in business who attempted to sell unsatisfactory cosmetics, tooth pastes or shaving soaps?

Hon. Mr. KING: I am told there are cases of blindness induced by eye lotions. That is a very serious menace.

Right Hon. Mr. MEIGHEN: That is conceivable, but nobody will purposely sell eye lotions that produce blindness. If anyone did he would very soon become bankrupt.

Hon. Mr. KING: But that result has happened.

Right Hon. Mr. MEIGHEN: It might happen; but you cannot provide against every contingency in this world. I cannot understand the Minister wanting to protect women in the use of lipstick for fear they may buy something that stings their lips. Nobody can succeed in the lipstick business unless he produces something harmless and acceptable to his public. Therefore I have some doubt whether the Minister is not being over-influenced by ambitious lieutenants eager to stretch the boundaries of their department, though the cost may be out of all proportion to the benefits of the supervision.

I should like to call the attention of honourable members to two specific matters, as I am not a member of the Committee on Public Health and Inspection of Foods. By section 5 of the Bill, which adds paragraph (j) to section 3 of the Act, the Government are given authority to make regulations, and so on, by Order in Council:

"(j) providing for the licensing of manufacturers of cosmetics, whether such manufacturers carry on business as such within or without Canada, specifying such terms and conditions as may be deemed advisable in the public interest and prescribing a tariff of fees to be paid for any such licence.

How can the department in Ottawa determine under what conditions a man in Michigan or in Newfoundland shall make cosmetics? And what attention is he likely to pay to any regulations? He may be prevented from shipping goods into Canada unless he has a

licence to make them in Michigan or in Newfoundland, but it would seem to me more in accordance with logic and international courtesy to require a licence for exporting from another country into ours, rather than a licence as to the conditions which he must observe as a manufacturer in that other country. It looks as if we were trying to do something that is none of our business at all. I am not attacking the purpose of the department, but I think we are going too far in seeking to license a manufacturer of cosmetics in Detroit in order to make sure his product shall be sound and healthful when it reaches Canada.

Paragraph (k) should also be noted. The regulations may prohibit the sale or define "the conditions of sale of any substance which may be injurious to health when used as a food or drug" or may restrict "in like manner its use as an ingredient in the manufacture of food or drug." As this is drafted, an Order in Council might provide against the sale to a physician of a certain drug unless it contained, say, an admixture of some alloy or other drug. I do not think the intention is to tell the physician what kind of drug to use. It is rather to protect the public. It has been suggested to me by some pharmaceutical manufacturers that the words "to the public" should be inserted after the word "sale" in lines 34 and 35.

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

NATIONAL RAILWAYS AUDITORS BILL SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 22, an Act respecting the appointment of Auditors for National Railways.

He said: Honourable senators, by a statute passed in 1932-33 annual legislation is required for the appointment of Canadian National auditors. Since then the necessary Act has been passed each year. To continue the tradition I now move the second reading of this Bill for the appointment of George A. Touche and Company, of the cities of Toronto and Montreal, chartered accountants, as independent auditors for the year 1939, to make a continuous audit of the accounts of the National Railways as defined in the Act.

Right Hon. ARTHUR MEIGHEN: This is the usual Bill, I know, to extend for another year the appointment of George A. Touche and Company as auditors of the National Railways. Inasmuch as the audit for the nine months ending in December is not yet

Right Hon. Mr. MEIGHEN.

available to the Canadian people, might the Government not consider a firm of auditors who could be a little more expeditious?

Hon. Mr. DANDURAND: Sometimes the complaint should be addressed elsewhere. From my experience of other companies I know it sometimes happens that for some domestic reason the auditors are hampered in their work, and cannot be ready for the annual meeting, which is therefore adjourned.

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

OTTAWA AGREEMENT BILL SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 25, an Act to authorize an Agreement between His Majesty the King and the Corporation of the City of Ottawa.

He said: Honourable members, this also is a Bill that comes to us yearly, in virtue of an Act passed in 1920. At first the agreement ran for five years; then, in 1924, it was extended for one year. In 1925 the period of the agreement was again changed to five years, and the amount payable annually to the city of Ottawa was increased from \$75,000 to \$100,000. In 1931 we resumed the one-year period, and up to 1938 we have annually authorized the payment of \$100,000 in lieu of the taxes that the city might have been expected to receive from the Government of Canada. I now move the second reading of this Bill, the purpose of which is to extend the agreement for another year.

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

LOAN COMPANIES BILL SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 27, an Act to amend the Loan Companies Act.

He said: Honourable senators, the purpose of this Bill, which amends the Loan Companies Act, is to give loan companies the power to establish pension funds. The Bill also extends the power back to the time of the commencement of the companies, just as if they had had that power from the date of their incorporation.

There is a second clause which provides:

Notwithstanding the provisions of section three of this Act, the provisions of subsection one of this section shall apply to every loan company, whenever incorporated, whose incorporation is subject to the legislative jurisdiction of the Parliament of Canada.

The explanation is that section 3 of the principal Act confines the application of the Act to companies incorporated before June 13, 1914. Subsection 2 of the section inserted by the Bill will make clear its application to all Dominion loan companies.

Right Hon. ARTHUR MEIGHEN: Honourable members, it is worth while pointing out here that as by enabling Acts we authorize special pension provisions of financial organizations, or ratify the pension or insurance funds they have already established, we make more difficult the institution in Canada of any unemployment insurance law of a general character. I do not know that any company should defer action on that account. But through one form of ingenuity or another enough obstacles have been put in the way of unemployment insurance to make certain that its re-birth will be long delayed; and when you enable companies, as you do—and I think properly—to take care of their own unemployment problems by pensions, you place them in the position which the banks occupied when the last unemployment insurance Act was before this House, and as a consequence you will have to exempt companies who would otherwise be the main contributors to an unemployment fund.

There are only two situations in Canada that I know of in which this Bill could be of value. The Canada Permanent Mortgage Corporation is the owner of the Canada Permanent Trust Company, and there is another company in London.

Hon. Mr. DANDURAND: I think my right honourable friend's remarks apply to the next Bill on the Order Paper.

Right Hon. Mr. MEIGHEN: Each of the two Bills is the converse of the other. One provides that a loan company of Dominion incorporation may organize a pension fund, and that if it is associated with a trust company, whether that trust company is a Dominion incorporation or not, it may organize a joint pension fund with the trust company. The next Bill is just the converse of this one. It says that a trust company of Dominion incorporation may establish a pension fund, and that if it is associated with a loan company, whether the loan company is a Dominion incorporation or not, they may have a joint pension fund. I am curious as to which situation is being met. Is it the Canada Permanent or the Huron & Erie?

Hon. Mr. DANDURAND: I have not that detail before me, but I will give it on the third reading to-morrow.

Right Hon. Mr. MEIGHEN: If there is any objection to giving it, I will not press for it.

Hon. Mr. DANDURAND: It necessitates only a telephone call.

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

TRUST COMPANIES BILL

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 28, an Act to amend the Trust Companies Act.

He said: With the explanations already given by my right honourable friend, I shall content myself with moving the second reading of this Bill.

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

TECHNICAL EDUCATION BILL

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 33, an Act to amend the Technical Education Act.

He said: Honourable senators, this Bill is intended to renew for another five years the Technical Education Act of 1919, which was amended in 1929 and in 1934, in order to allow the Province of Manitoba to take up the remainder of its original allotment under the Act of 1919, amounting to \$286,000.

The amount voted in 1919 was \$10,000,000. It was apportioned as follows: Prince Edward Island \$198,187.86, which was paid to that province; Nova Scotia \$662,113.94, which was paid to the province; New Brunswick \$512,461.28, paid; Quebec \$2,569,655.53, paid; Ontario \$3,178,608.97, paid; Manitoba \$719,746.56, of which \$433,709.17 was paid to the province, the remainder, \$286,037.39, being the amount with respect to which we are now legislating; Saskatchewan \$847,620.91, Alberta \$678,524.40, and British Columbia \$633,080.55, which amounts were paid to those provinces respectively.

It is felt that we should give further leeway to the province of Manitoba, and should enable that province to enjoy the full amount which was allotted to it. There has been a request here and there for a renewal of the Act of 1919—it was voiced by Hon. Mr. Lawson in the other House—and this is the answer. As to the suggestion that the 1919

Act be extended, and that a certain amount again be voted for distribution among the provinces, Mr. Rogers said:

We had to consider this whole question rather carefully when we undertook certain responsibilities in connection with youth training. The specific recommendation of the National Employment Commission was that this Government should, in co-operation with the provinces, make technical training available for unemployed young people. We have been doing that under the youth training plan. It has already been announced that at this session of Parliament a Bill will be introduced to provide for a continuance of youth training over a period of three years, so that I should feel that in very large measure the Government had responded to the opinion which, I agree, is prevalent in the country, that there is a need for technical education. We did accept the view that the need was most urgent with respect to unemployed young people, and, as I have said, we are seeking to meet that need through the youth training program.

I thought it would be interesting to the Senate to have that explanation of the sort of legislation that is to be brought before Parliament.

Right Hon. ARTHUR MEIGHEN: Honourable members, I have no objection to the second reading of the Bill, but I think the Minister was rather unfortunate in making the plea that the Government are now carrying on technical education through the youth movement. The Government are carrying on political education of a very skilful character. I read the literature myself and was almost persuaded. The bluebook is most attractive, and one would think the heart of the Government was shedding drops of ruddy gore over the plight of the youth of Canada, and was working hard for their salvation. But when one comes to the table which appears in the book, one finds it illuminating indeed. I wish I had it here so that I might properly depict the harvest of this long and arduous toil.

Hon. Mr. DANDURAND: Is it not a payment which is made to the province, and shared by the province?

Right Hon. Mr. MEIGHEN: The Minister has not caught my drift. The technical education provision was. The Minister said that we were only giving authority to pay out what had not been used, and that only the province of Manitoba was concerned; but he added that now, instead of technical education, we are developing a youth movement, which consists in training youths for employment and getting them positions. Employment service is combined with youth training.

As I have already explained, the literature of the department is really most enticing. In reading it one is affected by the solicitude

Hon. Mr. DANDURAND.

of the Government until one comes to the table. There is one feature of the table I could not help keeping in memory, although I did not try. The youths are paid so much while they are being trained for positions. The employment service then stands ready to get them positions. In my honourable friend's province the numbers trained ran into the thousands—I cannot be certain of the number of thousands. Will anyone attempt to guess how many of those trained got positions? If honourable members can stand the shock, I will tell them. There were twenty-five!

Hon. Mr. DANDURAND: That is a beginning.

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

PENITENTIARY BILL

FIRST READING

Bill 34, an Act respecting Penitentiaries.—Hon. Mr. Dandurand.

The Hon. the SPEAKER: When shall this Bill be placed on the Order Paper for second reading?

Hon. Mr. DANDURAND: With leave of the Senate, to-morrow.

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

THE SENATE

Thursday, March 9, 1939.

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

Prayers and routine proceedings.

DIVORCE BILL

FIRST READING

Bill G, an Act for the relief of Stefano Giulio Luciano Roncari.—Hon. Mr. Robinson.

DIVORCE COMMITTEE

CHANGE OF CHAIRMANSHIP

Hon. C. W. ROBINSON: Honourable members, I desire to draw attention to the change in the chairmanship of the Divorce Committee. I see in front of me the young gentleman from Winnipeg (Hon. Mr. McMeans) who for so long a time presided over the committee. For some reason he thought he should retire. He was not present at its

opening session; neither was I. The committee accepted his resignation and asked me to succeed him. I am discharging the duties of the office to the best of my ability. I greatly regret that the honourable gentleman saw fit to withdraw from the committee after having filled the office of chairman so capably. If he thought that he should resign on account of age, he made a great mistake, for I never in my life saw him looking better. I should be very glad to withdraw as chairman of the committee and have him resume in that capacity.

Hon. L. McMEANS: Honourable members, I desire to express my appreciation and thanks to the honourable gentleman (Hon. Mr. Robinson) for mentioning me as Chairman of the Divorce Committee. However, I felt, in fact I knew, that I would be succeeded by the honourable gentleman, and I considered him an abler and better man for the job. He is younger. I can assure the House that the work of the Divorce Committee will be carried on better and with more vigour, judgment and strength under the chairmanship of the honourable gentleman.

Hon. RAOUL DANDURAND: Honourable senators, I think my right honourable friend (Right Hon. Mr. Meighen) and myself owe it to the House to thank the honourable gentleman (Hon. Mr. McMeans) and his colleagues for the arduous and unpleasant work which they have performed for the Senate, whose duty it is to deal with divorce matters before they go to the Commons. The work which devolves upon the members of the committee requires much more labour than usually falls upon the shoulders of honourable members who sit on other committees. I think, therefore, I am only doing my duty in thanking the honourable gentleman (Hon. Mr. McMeans) for having carried on the work of chairman of that committee for so many years with such great success.

Right Hon. ARTHUR MEIGHEN: Honourable members, I do not know of any post that I would be more eager to avoid than that of Chairman of the Divorce Committee, and I add my voice to that of the leader of the House in expressing appreciation to a man who has served as chairman for so long and in such an acceptable manner.

I am pleased indeed to know that the successor to the late chairman is the honourable senator from Moncton (Hon. Mr. Robinson). I hope never to come before the committee under his chairmanship, but I know that if I do I shall get justice.

PRIVATE BILLS

FIRST READING

Right Hon. Mr. MEIGHEN introduced Bill H, an Act respecting the United Church in Canada.

He said: Honourable members, if His Honour the Speaker called "Motions," I did not hear him. I wish to move for leave to introduce a Bill entitled "An Act respecting the United Church in Canada." The purpose of this measure is to resolve finally the long-disputed contention between the United Church and the Presbyterian Church as to the use of the denominational term "The Presbyterian Church in Canada." The Bill grants the right to its use under the conditions set out in the measure.

Hon. Mr. DANDURAND: I do not know what the practice in the House of Commons is, but I may inform my right honourable friend that in the Senate a member may introduce a bill at any stage of the proceedings.

Right Hon. Mr. GRAHAM: That is the reason we have so many bills.

The Bill was read the first time.

FIRST READING

Hon. Mr. DUFF introduced Bill I, an Act to incorporate the Trustee Board of the Presbyterian Church in Canada.

He said: Honourable senators, in introducing this Bill I do not think any explanation is necessary, as the Bill speaks for itself. It is a simple measure, the purpose of which is to give legal status to a board of trustees which has been acting in the past in connection with the work of the Presbyterian Church. May I say that I shall have a great deal of pleasure in supporting the Bill introduced by my right honourable colleague the leader on the other side (Right Hon. Mr. Meighen), and I feel sure that every member of the House will support both his Bill and mine.

The Bill was read the first time.

DIVORCE BILL

ORDER FOR SECOND READING

Hon. J. J. HUGHES: Honourable senators, I did not catch what Bill was being introduced a few moments ago by the Chairman of the Divorce Committee (Hon. Mr. Robinson), but I understand now that it was a divorce Bill, and that it has been ordered set down for second reading on Tuesday next. My impression is that the Rules of the House

require that two sitting days must elapse between the first and second readings of any bill, unless shorter notice is unanimously consented to.

Right Hon. Mr. MEIGHEN: There has been unanimous consent.

Hon. Mr. HUGHES: No. The question was not put.

Hon. Mr. ROBINSON: There is no desire to force these bills at all. I thought there was unanimous consent.

The Hon. the SPEAKER: The honourable member from King's (Hon. Mr. Hughes) may be correct. My understanding is that there must be an interval of one sitting day between first and second readings. I shall look up the rule, however, and decide accordingly.

Hon. Mr. HUGHES: I think the rule means that two sitting days must elapse.

Hon. Mr. CALDER: Not necessarily.

Right Hon. Mr. MEIGHEN: Two thinking days.

Hon. Mr. CALDER: It is only two days within which to think; that is all.

Hon. Mr. HUGHES: I submit it means two sitting days.

Hon. Mr. DANDURAND: I think the honourable gentleman from King's (Hon. Mr. Hughes) is right. But there was unanimous consent to have the motion for second reading placed on the Order Paper for Tuesday next. However, anyone can object if there is not a lapse of two days between the first reading and the motion for second reading.

NATIONAL RAILWAYS AUDITORS BILL THIRD READING

Bill 22, an Act respecting the appointment of Auditors for National Railways.—Hon. Mr. Dandurand.

OTTAWA AGREEMENT BILL THIRD READING

Bill 25, an Act to authorize an Agreement between His Majesty the King and the Corporation of the City of Ottawa.—Hon. Mr. Dandurand.

LOAN COMPANIES BILL THIRD READING

Hon. RAOUL DANDURAND moved that the third reading of Bill 27, an Act to amend the Loan Companies Act.

He said: Yesterday my right honourable friend opposite (Right Hon. Mr. Meighen)

Hon. Mr. HUGHES,

asked me what companies would be affected by this Bill. The list which I have before me includes the following companies: Canada Permanent Mortgage Corporation; the Central Canada Loan and Savings Company; Eastern Canada Savings and Loan Company; the Huron and Erie Mortgage Corporation; International Loan Company; the Mortgage Corporation of Nova Scotia; the Northern Mortgage Company of Canada; the Real Estate Loan Company of Canada, Limited.

Only one of these companies, the Huron and Erie Mortgage Corporation, has provision in its Act of incorporation for the establishment of a pension fund, and that provision does not cover the establishment of a joint fund.

The two loan companies mentioned in the explanatory note as associated with trust companies are the Huron and Erie Mortgage Corporation, associated with the Canada Trust Company, and the Canada Permanent Mortgage Corporation, associated with the Canada Permanent Trust Company. The Huron and Erie Mortgage Corporation has established a pension fund under the authority contained in its special Act.

Right Hon. ARTHUR MEIGHEN: The honourable leader of the House has misapprehended my question. The information he now gives is just the information I gave the House yesterday. The point is this: this Bill and the next one on the Order Paper can apply to only one of two sets of circumstances; either, in the one, to the Canada Permanent Mortgage Corporation, which owns the Canada Permanent Trust Company, or, in the other, to the Huron and Erie Mortgage Corporation, which owns the Canada Trust Company. I was wondering which company wants the Bill. The leader of the House says the Huron and Erie has a pension fund of its own. I presume it wants the Bill.

Hon. Mr. DANDURAND: Unfortunately I did not catch my right honourable friend's point yesterday. I thought he wanted to know the names of the two companies affected.

Right Hon. Mr. MEIGHEN: I knew their names.

Hon. Mr. DANDURAND: My right honourable friend named one.

Right Hon. Mr. MEIGHEN: I named both. It is the Huron and Erie that wants the Bill?

Hon. Mr. DANDURAND: I will find out.

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

TRUST COMPANIES BILL

THIRD READING

Hon. **RAOUL DANDURAND** moved the third reading of Bill 28, an Act to amend the Trust Companies Act.

He said: I have a list of the Dominion trust companies which will be affected by this Bill, but, as this is not the information my right honourable friend desires, I will not read it.

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

TECHNICAL EDUCATION BILL

THIRD READING

Bill 33, an Act to amend the Technical Education Act.—Hon. Mr. Dandurand.

DIVORCE BILLS

SECOND READINGS

Bill C, an Act for the relief of Edythe Marjorie Burke Atkinson.—Hon. Mr. Robinson.

Bill D, an Act for the relief of Marie Louise Rossetti Di Rosa.—Hon. Mr. Robinson.

PRIVATE BILLS

SECOND READING

Hon. **L. McMEANS** moved the second reading of Bill B, an Act to ratify and confirm the agreement respecting the joint use by the Canadian Pacific Railway Company and the Midland Railway Company of Manitoba of certain tracks and premises of the Canadian Pacific Railway Company at Winnipeg, Manitoba.

He said: Honourable members, the purpose of this Bill is to confirm an agreement for the joint use by the Midland Railway Company of certain tracks and premises of the Canadian Pacific Railway Company in the city of Winnipeg. At the present time the line of the Midland Railway Company crosses certain streets in the city, which streets are also crossed by the Canadian Pacific tracks. The agreement provides for abandonment of the Midland Railway tracks. It is a simple matter, but, if desired, I will, after the Bill has been given second reading, move that it be referred to the Railway Committee.

Hon. Mr. **MURDOCK**: Is the Midland Railway to abandon its lines over the streets and use the lines of the Canadian Pacific?

Hon. Mr. **McMEANS**: Yes.

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

REFERRED TO COMMITTEE

Hon. Mr. **McMEANS**: With the consent of the Senate, I should like to move that Bill B be read a third time now.

Hon. Mr. **DANDURAND**: Our rule is that private bills must go to the appropriate standing committee in order that any private interests which may be affected may be heard. If there is no urgency, I would suggest that we adhere to the rule.

Hon. Mr. **McMEANS**: That is quite right. I may say that ultimately the agreement would have to be submitted to the Transport Commission for approval.

On motion of Hon. Mr. **McMeans**, the Bill was referred to the Standing Committee on Railways, Telegraphs and Harbours.

SECOND READING

Hon. Mr. **LYNCH-STAUNTON** moved the second reading of Bill E, an Act to change the name of Ancient Foresters' Mutual Life Insurance Company to Toronto Mutual Life Insurance Company.

Hon. Mr. **McMEANS**: Explain.

Hon. Mr. **LYNCH-STAUNTON**: Honourable members, the only object of this Bill is to change the name of the company to prevent its being confused with fraternal societies. There is a society known as the Ancient Order of Foresters, and, as this is purely a mutual insurance company, the original choice of a name was unfortunate. The company now, therefore, wishes to remedy the defect in order that people may not be misled into thinking it is a fraternal society.

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

SECOND READING

Hon. Mr. **GRIESBACH** moved the second reading of Bill F, an Act to incorporate "The Associated Canadian Travellers."

He said: Honourable senators, the Associated Canadian Travellers is an organization in the province of Alberta. It is seeking federal incorporation. I am given to understand that the clause in the Bill is the usual one for the purpose. I would suggest that when the Bill is read the second time it be referred to the Committee on Miscellaneous Private Bills.

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

PENITENTIARY BILL

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 34, an Act respecting Penitentiaries.

He said: Honourable senators, at present the penitentiaries are directed and administered by a superintendent and three inspectors, as officers of the Department of Justice. The general purpose of this Bill is to establish a commission with power, under the Minister of Justice, to control and manage the penitentiaries. To attain this objective it is necessary to amend, as well as to renumber, many of the sections of the Penitentiary Act, and for the purpose of clarity the provisions of the Act have been amended and consolidated in the present Bill.

I should give a short explanation of the reason for the Bill, which is presented with the modifications I have just mentioned. It follows the recommendation of a royal commission which was appointed a year or two ago, under the chairmanship of Mr. Justice Archambault, after much agitation in the country for a study of our penitentiary system and for an inquiry into its functions and administration. Considerable trouble had arisen on divers occasions out of the administration of the penitentiaries and in some of those institutions had resulted in serious disturbances, which in certain instances had even reached the point of riot and rebellion. The House of Commons—and the Senate too, at times, if I am not mistaken—discussed that situation. The royal commission presented a most elaborate and voluminous report. That report, which recommended considerable modification of the Penitentiary Act, was generally very well received throughout the land, and in many places was highly approved.

The present measure comes to us in the same form as the Bill brought to the Senate during the later days of last session. That Bill came in too late to permit of a fair review of the report as a whole, or to allow senators interested in the legislation to read the report in its entirety. As the Bill presented last year to this House affected particularly, I might say almost exclusively, the then superintendent, General Ormond, who was to be replaced by a commission, attention was focussed on the corresponding part of the report. My right honourable friend felt that General Ormond was very harshly and in some respects unjustly dealt with. After a short discussion the Senate decided to reject the Bill, in protest, I surmise, against the treatment of the superintendent in the report.

Hon. Mr. GRIESBACH.

But we must take the recommendations as a whole, just as they come before us, as from them proceed the Bill which I now present. The report naturally is the work of men who conscientiously did their duty as they saw it. I quite realize that one may not agree with their findings on all points; nevertheless I am sure there is general agreement in regard to the desirability of bringing about the improvements suggested. The principal feature, governing the whole reform of the penitentiaries, is implemented by this Bill. The superintendent is replaced by a commission of three, and the three inspectors are to become assistant commissioners. This is the only change made in the Act, because it is felt, and it seems quite reasonable, that the commission to be appointed should have time to study the situation and report upon the proposed changes. These reforms will not be made suddenly or as a whole; they will come progressively as the commission decides they are fit and proper to be made.

I should like to say a word as to the importance and opportuneness of making the change from a superintendent to a commission. I understand that the commission system exists in various forms in the United States and in Great Britain and that in those two countries all the penitentiaries are not under a single superintendent. It must be remembered that in Canada we are dealing with institutions widely separated, extending from Dorchester, in the Maritime Provinces, right across the country, there being one in Quebec, one in Ontario, one in the Prairie Provinces and one in British Columbia. Within the walls of these institutions are men who, to say the least, have been quite unruly in our communities. Many of them are dangerous criminals. The administration of such institutions requires men with numerous qualifications. They are constantly confronted by difficult and exacting situations, and sometimes by delicate problems which demand solution. It may be said that individually these men will probably be no better qualified than the Minister of Justice, but under the present Act the Minister of Justice must rely upon the superintendent for advice in matters concerning the organization and well-being of the penitentiaries. I feel that this is too heavy a load to place on the shoulders of one man, namely the superintendent, and it should be shared by a commission of three carefully selected men who have a single eye to the performance of their duties. I believe that such men can be found.

I may say that it was after one o'clock this morning when I finished reading for the second time the discussion that took place in the

House of Commons, in order that I might have an idea of the objections which had been raised. I found that the debate there had closed in a love feast around Miss Agnes Macphail, who had succeeded in carrying her point for the establishment of a royal commission.

Right Hon. ARTHUR MEIGHEN: Honourable members, the House will recall that, as the honourable leader has mentioned, this Bill came before us last session. It came just as we were getting on our cloaks to leave. Indeed, we had only a few minutes left. It had a formidable appearance, its arrival was preceded by a long debate in the other Chamber, and, with that keen sense of duty which we always try at least to give evidence of, we did not like to attack it at that stage of the session. The House has therefore waited with considerable curiosity and interest for the production of the measure this session. It is the product of a long investigation by three very eminent men, an investigation which covered the length and breadth of Christendom in two hemispheres. It has been heralded to the country as signalling the dawn of a new era in the treatment of prisoners. In fact, it is little more than a few hours since I read editorials on the great achievement which is now taking effect, and I also read news items of congratulation to public figures who have been instrumental in opening the doors of human hearts and at last bringing something in the way of opportunity for reformation to those who have fallen into lives of crime.

The Bill reached us yesterday, I think. I have listened to the explanatory remarks of the leader of the House (Hon. Mr. Dandurand), and I wonder if any honourable members here know what its contents really are. It is nearly one-quarter of an inch thick. Looking at it from the outside, one would be quite ready to believe that midnight oil had been burned over it, and that the mountain of a commission had laboured and brought forth something much larger than a mouse. Whatever it is, I hold it in my hand. I have gone over every page of it since the House opened, this being the first opportunity I had of doing so, and I inform honourable members that there is nothing whatever in the measure except provision for abolishing one job and creating three in its place.

Hon. Mr. POPE: For three Grits.

Right Hon. Mr. MEIGHEN: There is nothing more at all in the measure. The whole Act is rewritten, lest the public should conclude that the expenditure on the royal commission had not been worth while. Behold

the measure that is the result! From this day forward, until further changes are made, the Superintendent of Penitentiaries will be replaced by three commissioners. I state to the House that this Bill provides that and nothing else whatever in all its twenty-seven pages.

Hon. Mr. DANDURAND: That is easily explained.

Right Hon. Mr. MEIGHEN: Thus is reform achieved. Thus is the underworld to be reclaimed and new life opened to the forgotten man. We are past the dark ages of vengeance and penalty. We are now basking in the kindly sunlight of humanitarianism, because, forsooth, three commissioners are to take the place of one superintendent. I am not exaggerating: that is the whole Bill. For this, distinguished public characters have been congratulated; for this, thanks have been passed to the royal commission. It was for standing in the way of this world-rocking reform that the Senate was condemned fore and aft last session. And because of our so standing in the way the Minister of Justice said he could not be responsible for maintenance of order in our penitentiaries from that day on. Has the House ever heard of humbug more transparent and more odious than that which we have heard about this Penitentiary Bill?

For myself I do not see any more need to have one superintendent replaced by three commissioners than I see for the proverbial fifth wheel to a coach. I guess there are three commissioners in England, but that country has a population of forty-three or forty-four millions, as compared with our eleven millions. If we need three commissioners, England ought to have fifteen.

Hon. Mr. DANDURAND: England is part of a small island.

Right Hon. Mr. MEIGHEN: But it has a large population and a lot of business is done there. However, I should not care if England had twenty penitentiary commissioners.

For many years I had the duty of superintending the work of ticket-of-leave and parole in Canada, and in that capacity came into very close contact with our penitentiary system. I was in more or less constant association with the then superintendent, and I thought he did his duty well. He certainly never neglected anything that he could find to do. But I never observed that he was burdened with work; I never saw him incapable of performing his task because it was too onerous. In fact, if my recollection

serves me right, he was a very active churchman, the factotum in one of our largest congregations. I think he pretty nearly ran the St. Andrew's Society, and he was able to take part in all civic activities that he thought worth while. But now we are to have three commissioners, and hope dawns once more for persons condemned because of their crime.

I emphasized last session that nothing very effective, nothing real, could be done by merely adding to the weight of bureaucracy at Ottawa. We have a penitentiary down at Dorchester, the St. Vincent de Paul in Quebec, one at Portsmouth, one in Manitoba and another in British Columbia.

Hon. Mr. GRIESBACH: And one in Prince Albert.

Right Hon. Mr. MEIGHEN: Yes, one in Prince Albert. That is six in all. These are in each case under the charge of a warden, his deputy and guards. The one vital man in connection with every penitentiary is the head of it, and the next most vital man is his assistant. If these two men are right in every case you scarcely need a superintendent. There is as much need of a commission of three members and three assistant commissioners, sitting at Ottawa, as there is for—

Hon. Mr. QUINN: The National Harbours Board.

Right Hon. Mr. MEIGHEN: I cannot think of anything quite as absurd as this three-man commission. One or two other instances of duplication of services did come to my mind, but I do not know of any one in the whole range of our federal organization quite so absurd as this. Three commissioners! I suppose we shall be erecting a building for them soon. And they are to have three assistant commissioners, with all the usual stenographic and clerical assistance around them, all here at Ottawa, while the men running the penitentiaries are hundreds of miles away. The principal duty of these commissioners would be to decide whether there was a good man in charge of every penitentiary, and, if in any case there was not, to recommend that a change be made. Of course that would be the right thing to do, if the warden were not a proper man for the job, for it is vital that the person running a penitentiary be competent. I presume the commission will start to make new regulations. If the commissioners have been in charge of penitentiaries their regulations may be good; but otherwise they are very likely to be poor—impossible.

I want to drive home on the Government again the fact that to build up an organization of this portentous type, an Ottawa

Right Hon. Mr. MEIGHEN.

bureaucracy, is not penitentiary reform at all. That is just going farther along the easy route of more expense, more taxes, more gold braid. I do not know what the status of these commissioners will be, but I suppose they will be given the rank of deputy ministers. Well, if this Ottawa bureaucracy is not big enough now to end the fear and worry of every taxpayer in Canada, I do not know how we are ever going to make it capable of doing that. To have all this introduced as something in the nature of a great reform, as an evolution of humanitarian virtue, is just about as arrant humbug as I have ever heard of in Canadian politics.

Hon. GEORGE LYNCH-STAUNTON: Honourable members, I had intended to make a few remarks, but my right honourable leader (Right Hon. Mr. Meighen) has cut the ground from under my feet by referring to most of the points that I had in mind.

Right Hon. Mr. MEIGHEN: I am sorry.

Hon. Mr. LYNCH-STAUNTON: This seems to me to be a misnamed Bill. It should have been entitled "A Bill to make six superintendents grow where one grew before." Like my right honourable leader, I cannot find any other purpose in the Bill. One of Shakespeare's characters said of an orator that his reasons were like three grains of seed, hid in a bushel of chaff, hard to find, and when found not worth the search. I think this Bill might be described as a gross waste of paper.

Right Hon. Mr. MEIGHEN: Hear, hear.

Hon. Mr. LYNCH-STAUNTON: Newspapers in commenting upon this measure have said that it introduces a new system. But where is it? Is it pigeonholed? It is not to be found in the Bill itself.

This measure is an affirmation or assertion that the inspectorial system of penitentiaries has absolutely failed. Now, I have always noticed the distinguishing characteristic of inspectors is that they do not inspect, and I believe there may be some reason for giving our penitentiary inspectors the title of vice-commissioners or deputy commissioners. But I do not see in the Bill any provision that the present inspectors shall, as a reward for merit, have their titles so changed. Is it the intention to create six new offices? I think the measure should at least provide that the present inspectors shall fill the jobs of deputy or vice-commissioners.

Hon. Mr. DANDURAND: The present inspectors are to be appointed to these positions.

Hon. Mr. LYNCH-STAUNTON: It does not say so here, does it?

Hon. Mr. DANDURAND: The Minister of Justice said so.

Hon. Mr. LYNCH-ST'AUNTON: But the Bill should say so. It seems to me that should be made clear in the provisions before us. We should not have a whole raft of new civil servants.

Like my right honourable leader, I do not see how three commissioners sitting here at Ottawa will be any better than one man. If the measure provided that each commissioner should live in a part of the country where his duties are to be performed, I could understand it. But absent treatment of convicts is no better than absent treatment of sick people in general. Neither the honourable leader of the Government nor anybody else has told us why it is believed that three commissioners can perform the necessary duties better than one could, when they all are to live at Ottawa. If they were to be required to go about the country, each one inspecting so many penal institutions, it would seem plausible to have three men. Why not have them live in different parts of the country, where their work is to be done? "The eye of the master fatteneth the beast."

But I did not intend to make more than a general criticism of the Bill itself. My main object in rising was to point out that if in the past the superintendent and three inspectors could not run our penitentiaries satisfactorily, it shows that it is a mistake to leave inspection of public institutions to Government officials. Honourable members will have observed that there has recently been in New York a criminal trial which has aroused a great deal of curiosity among the American people. Government attorneys and all officials who had charge of the criminal courts or the administration of criminal justice have been somewhat besmirched, and it was shown that the only reliable servants of the public in these courts had been the grand jury. The grand jury is a time-honoured institution in our country too, yet people who do not know anything about it hold it in great contempt—want to wipe it out. Well, in my opinion, one official is only a brother to another official; one civil servant is not going to show up his brother civil servant; but when you choose thirteen ordinary citizens to form a grand jury and inspect public institutions you can rely upon it that they will tell you more about the way the institutions are really being run than you could find out from any other source. I have had a large experience in connection with the Factory Act, and I have noticed that right under the nose of inspector after inspector factories have been permitted to use

machinery which did not comply with the requirements of the law. Some time ago, representing a large insurance company, I visited some of the great factories in Hamilton, and although I had no experience whatever in examining machinery, I found fault after fault. I found the inspector did nothing but go into the office and smoke a cigar. Later I addressed a group of manufacturers and pointed out to them that in their own interest they should report to the Government any inspector who did not scrupulously perform his duties. As you know, it is an inherent vice of Government officials to neglect their duties. Familiarity with their work begets carelessness. They go down to the factory, look around and comment on the weather. Then they are invited into the office. In all kinds of inspection I find the inspectors are usually treated with great consideration and become very friendly with the owners of the plants inspected. The only inference to be drawn from this Bill is that inspection in the past has been a washout. Yet it is proposed to appoint the present inspectors members of the Penitentiary Commission.

In the great metropolis of New York only the grand jury did its duty. It reformed the administration of justice; it brought the gangsters and their accomplices to justice; it vindicated the law.

In my opinion the only body you can trust to inspect a penal or any other institution is the grand jury. The grand jury is hallowed by time; it has proved itself; it represents the people; it is not a paid official. Why, we trust everything—our personal liberty, our property rights—to the grand jury because we believe that it is the most reliable tribunal to which we can have recourse.

I submit that if the Government really desire to reform our penitentiaries, these should be subject to inspection by grand jury, and the Attorneys-General of the provinces should see to it that full opportunity be given for a thorough inspection. Nowadays everybody has such a contempt for the grand jury and other time-proven institutions that the grand jurors might be just marched through the penitentiary to be inspected. We must guard against any mere cursory inspection. Then grand juries will be in a position to report on the conditions prevailing in the penitentiaries. I must confess that though I have listened to dozens of reports made by grand juries, I have never known one report to be acted upon. Indeed, their reports are treated just as though they were the reports of royal commissions. This is the first royal commission whose report I have ever seen

acted upon; and if all the commission's findings are reflected in this Bill, I think it is a pretty expensive report.

Right Hon. Mr. MEIGHEN: An expensive "mouse."

Hon. Mr. LYNCH-STANTON: I have not read the report. Of course, nobody ever reads the reports of royal commissions. I doubt whether my honourable friend opposite has read this report.

Hon. Mr. DANDURAND: My honourable friend was a royal commissioner at one time.

Hon. Mr. LYNCH-STANTON: Certainly I was, and nobody ever read the report. I tried to make a digest. I do not believe anyone took the trouble to cut the leaves of the report.

Hon. Mr. CALDER: Was it a good report?

Hon. Mr. LYNCH-STANTON: Sure. I was told by a member in the House of Commons that it was the best report he had ever seen.

Hon. Mr. DANDURAND: Was it well bound?

Hon. Mr. LYNCH-STANTON: Yes, it was well bound.

I have not had time to prepare an argument against the Bill, but I do think the Government should consider whether it would not be better to have these institutions periodically inspected by grand juries under the direction of the courts. I doubt very much whether anyone is convinced that the treatment of convicts can be improved by the changes proposed.

I wish I could win the glory that has been accorded to a member of the House of Commons for bringing in a reform of this kind—changing the titles of the statute and the administrative officials. But praise too often is given by those who do not make certain that it is justified. And why should they who so freely bestow praise trouble to see that it is merited, when to do so would involve their wading through this lengthy report?

Hon. A. B. COPP: Honourable members, I am inclined to think that the honourable gentleman from Hamilton (Hon. Mr. Lynch-Staunton) has made a good point in suggesting that our public institutions should be inspected by grand juries. It has been the practice for many years in my part of the country.

Right Hon. Mr. MEIGHEN: Not to inspect penitentiaries.

Hon. Mr. COPP: Not our penitentiaries, but some of our public institutions. But even the appointment of a commission as suggested

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by this measure need not, in my opinion, close our penitentiaries to grand jury inspection.

Almost as long as I can remember the administration of our penal institutions has been criticized. The criticism has become stronger and more widespread during the last two years, and has been endorsed by press and pulpit and by certain members of the House of Commons. I may say that personally I was not very much impressed by the charges that our convicts are ill-treated, but possibly I am somewhat hard-hearted and consequently not capable of that sympathetic consideration with which others viewed those charges.

My right honourable friend opposite (Right Hon. Mr. Meighen) has criticized this Bill rather severely and asserted that it will not make for penitentiary reform. Certainly not. That, as I understand, was not the intention of the right honourable Minister of Justice when he introduced this Bill in the other House. After listening to the debate in the Commons on our penitentiary system and considering complaints made to him personally, he came to the conclusion that it would be wise to appoint a royal commission to make a thorough investigation. Like other senators, I am not favourably inclined to the appointment of royal commissions, but it must be admitted that sometimes they are a necessary evil. A royal commission was appointed. I know only one of its members, the chairman, Mr. Justice Archambault. He and his fellow-commissioners made a lengthy and thorough investigation of our penitentiaries, and submitted their report to the Minister of Justice. He studied the report and last session brought down to the House of Commons a Bill, somewhat similar to the present measure, to give effect to the royal commission's recommendation for the establishment of a penitentiary commission composed of three members. Rightly or wrongly, the right honourable Minister felt he should not take the responsibility of changing the present system, and it will be the duty of these commissioners to study our penitentiaries and report to him their conclusions. In reply to my right honourable friend I may say that the question of reform is not dealt with by this Bill. As I understand the measure, its purpose is to establish the necessary machinery to effect whatever reforms may be deemed advisable.

Right Hon. Mr. MEIGHEN: What was wrong with the old machinery? The royal commission was appointed to suggest reforms. If they suggested reforms, you have the machinery to put those reforms into effect. How many steps are you going to take?

Hon. Mr. COPP: I am pointing out the position which the Minister of Justice took. He has taken the opposite view. By this Bill he is asking for power to appoint three commissioners to study the question and report to him. He, in turn, will report to Council. Then, if further legislation is considered necessary, it will be introduced. During the debate in the other House the Minister of Justice said that eventually, whatever Government might be in office, various amendments would have to be made to the Penitentiary Act to give effect to the recommendations.

Hon. Mr. LYNCH-STAUNTON: May I ask the honourable gentleman a question?

Hon. Mr. COPP: Certainly.

Hon. Mr. LYNCH-STAUNTON: The three commissioners will only be able to report—

Hon. Mr. COPP: That is not a question.

Hon. Mr. LYNCH-STAUNTON: —I am coming to my question—what the inspectors tell them. They will not go to the penitentiaries. Why could not one commissioner, just as well as three commissioners, report what the inspectors tell him?

Hon. Mr. COPP: I cannot see why the commissioners themselves would not have the fullest opportunity of going to the different penitentiaries, with or without the inspectors. All the Minister seeks to ensure by this Bill is that the administration of the penitentiaries shall be carried on under a better system. This objective may cost a few thousand dollars more. While I am as eager as my honourable friend to save the taxpayers' money, I think that in much of his criticism he is straining at a gnat and swallowing a camel. In my view this is a very reasonable Bill. Its enactment will afford opportunity for further study of the question with a view to removing, if that be possible, any cause for further criticism of our penitentiary system. I shall be very happy to support the motion for second reading.

Hon. G. GORDON: I understand that after investigating our penitentiaries and taking the evidence of officials and of hundreds of convicts, the royal commission went to England. There they examined none but officials. I believe that had they followed the same course when in England as they followed while here, the convicts in the British penitentiaries would have complained pretty much along the same lines as the convicts in our penitentiaries. As a business man, and I do not pretend to be anything else, I do not think the royal commission acted fairly to our own penitentiary system in failing to

examine the inmates of the British penal institutions. In a word, they had no proper basis on which to compare the two systems.

Hon. EUGENE PAQUETTE (Translation): Honourable senators, the Government have introduced a Bill to establish a Penitentiary Commission composed of three members. As a Canadian citizen I recognize the difficulty of the task with which the Minister of Justice is faced. I also recognize the importance of the role which the members of the Penitentiary Commission will be called upon to play. As a medical man I believe the commission should include a physician versed in criminology.

Allow me to quote the following words spoken by the honourable member for Portneuf on June 18, 1938, in the House of Commons:

I think the Minister will agree with me that penitentiary administration is not simply a question of economy and discipline, but that the mental condition of the inmates must also be considered. The appointment to this commission of a physician who would make a special study of the general health and mentality of the prisoners seems to me indispensable. Many crimes can be attributed to mental derangement. A physician versed in criminology could render useful service in penitentiary administration, not only as regards the physical health of the inmates, but also their moral rehabilitation, so that at the expiration of their sentence they may return to normal life and contribute to the development of the country.

According to the report of the Royal Commission to investigate the Penal System of Canada, the problem of administration is too comprehensive and serious to leave to a single administrator. In fact, Canada is perhaps the only country where the penal system is not administered by a commission or board.

In Great Britain the prison board is composed of a chairman and two members, one of whom looks after the administrative side and the other the medical side. It is gratifying to note the presence on that board of one or more physicians, who render the greatest services to the community.

The punishment of criminals proceeds from a principle of justice and social necessity and should ensure the expiation of the crime, the reform of the criminal and the protection of the community. I have confidence in the spirit of justice of the Government, which will solve this social problem. It is acknowledged that environment can sometimes promote crime. Statistics show that a considerable number of youthful inmates of our penitentiaries are there because of our failure to solve the economic problem of unemployment. I made it my duty to visit one of Canada's large penitentiaries. I also made a special study

of this question, particularly from the medical point of view, and I am convinced that the appointment of a physician to the commission will make for the protection of the community and the rehabilitation of the criminals.

Hon. Mr. CALDER: May I inquire whether this Bill will be sent to a select committee?

Hon. Mr. DANDURAND: The question had not presented itself to my mind. I had thought we might have it before the Committee of the Whole.

There are one or two things I desire to say before the debate is closed. If anyone else wishes to speak, I will defer my remarks.

What I want to say is this. The present Bill, though it is voluminous and may seem formidable, is intended simply to replace the superintendent by a commission. Inasmuch as the superintendent is mentioned in twenty or twenty-five clauses of the Act, those clauses have had to be amended. It may appear from the Bill that the only change to be made is the one to which I have referred, but honourable senators will find that a considerable number of reforms are suggested in the report of the royal commission. Some of them, as the report states, can be carried out by regulation, and in fact a number of them have already been carried out. Others are to be effected by amendments to the Act. I think this is sufficient to explain that the Bill cannot be judged by the simple fact that we are transforming the superintendent into a commission. As the honourable senator from Westmorland (Hon. Mr. Copp) has said, this measure provides the machinery whereby the Penitentiary Act will be applied. It is but the basis to be used in the task of reforming the Act and the administration of the penitentiaries.

So, when my honourable friend (Hon. Mr. Calder) asks if we intend to send the Bill to a select committee, I reply that it is not worth while. Once we have decided that the superintendent is to be replaced by a commission, the amendments will follow.

Hon. Mr. CALDER: I had intended to say a word after I got a reply to my question. I shall be very brief. The leader of the Government has, in my judgment, stated very clearly the purpose of the Bill. I can hardly take the ground that the Bill is useless, because, after all, its value will depend upon what the commissioners will do. I can see no necessity for the Bill going to a committee, because as I read it—and I have read it very hurriedly—there is only one point involved, namely, the substitution of a commission for the superintendent. If you refer to

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section 7 of the Bill and compare it with the old section covering the same subject, you will find that the two are virtually identical. If there is to be reform under this measure it can come only through the action of the commission, upon the approval of the Minister.

There is point in the contention that the handling of penitentiaries is by no means an easy matter. Penitentiaries are governed by rules and regulations of all kinds. Those rules and regulations must be made, and they must be proper rules and regulations. As I understand it, there has been a great deal of complaint about the existence of certain rules, and also about their application in our penitentiaries. I think that is the whole question to be considered. I can conceive that there may be real reform in the management of our penitentiaries, but that cannot be achieved unless the three commissioners are properly selected. The mere appointment of three men in order to give them jobs would be most unfortunate.

Hon. Mr. DANDURAND: And most unworthy of the Minister of Justice, whoever he might be.

Hon. Mr. CALDER: It would be. So, while the Bill itself does not indicate the nature of the reforms that are to come, it certainly provides the means whereby reforms may be made. The only point is whether the work can be better carried out by three men than by one. That is a matter on which all of us will have our own opinion.

Hon. Mr. DANDURAND: Question!

The Hon. the SPEAKER: The motion is on the second reading of Bill 34, an Act respecting Penitentiaries. Is it your pleasure, honourable senators, to adopt the motion for the second reading of this Bill?

Right Hon. Mr. MEIGHEN: On division.

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

REFERENCE TO COMMITTEE OF WHOLE

Hon. Mr. DANDURAND: My honourable friend from Saltcoats (Hon. Mr. Calder) has found, as has also my right honourable friend (Right Hon. Mr. Meighen), though he has not commented upon it, that the Bill involves but one point—

Right Hon. Mr. MEIGHEN: Yes.

Hon. Mr. DANDURAND:—the change from a superintendent to a commission, and that the amendments in the Bill are simply consequential.

Now, shall we send this Bill to Committee of the Whole, or shall I move the third reading?

Right Hon. Mr. MEIGHEN: I think it ought to go to Committee of the Whole. One member spoke to me about a certain matter just a few minutes ago. While the Bill purports only to make the change from a superintendent to three commissioners, one of the old sections—I cannot recall the number—provided that the guards should be approved by the warden. That provision is struck out. It is evidently thought that these three gentlemen sitting in Ottawa will know much more about what kind of guard will be good in Edmonton or in Prince Albert than will the warden.

Hon. Mr. DANDURAND: I have an answer to that very question.

Hon. Mr. MURDOCK: The right honourable gentleman is probably referring to section 10.

Right Hon. Mr. MEIGHEN: Maybe. It was the honourable senator from Pictou (Hon. Mr. Tanner) who mentioned the matter to me.

Hon. Mr. MURDOCK: Section 10 says: The Governor in Council may—

and then come the new words:

—on the recommendation of the Commission approved by the Minister—

Right Hon. Mr. MEIGHEN: Yes. The old section said:

The Superintendent may, upon the recommendation of the warden, appoint such guards, trade instructors and other subordinate officers and employees as are necessary for the service of any of the penitentiaries.

Under the Bill these things will be done by a commission which will be a thousand or two thousand miles away. With their superior wisdom, sitting with all the paraphernalia of the Cabinet, they will be able to pick out guards—pick them out of the sea or out of the air.

Hon. Mr. DANDURAND: I would point out that it was my right honourable friend himself who amended that clause.

Right Hon. Mr. MEIGHEN: What clause? I never amended any clause.

Hon. Mr. DANDURAND: My right honourable friend's Government.

Right Hon. Mr. MEIGHEN: If the honourable gentleman will look at the opposite page of the Bill he will see that the Act reads as I have stated.

Hon. Mr. DANDURAND: Take the Act as it was. It said:

The Governor in Council may appoint such wardens, deputy wardens and other administrative or executive officers as are required for the proper administration and management of the penitentiaries.

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The wardens, deputy wardens and other administrative or executive officers so appointed shall be paid such salaries as are approved by the Governor in Council.

Right Hon. Mr. MEIGHEN: That is all right. It is the next clause, number 11:

The Commission may appoint such guards, trade instructors and other subordinate officers, employees and servants as are necessary. . . .

The commission is now going to do that, whereas the superintendent did it before, on the recommendation of the warden. The warden is responsible for whatever the guards do; they are his instruments.

Hon. Mr. DANDURAND: I think my right honourable friend will be reconciled to this clause when I give the explanation.

Right Hon. Mr. MEIGHEN: The explanation will have to be exactly the opposite of the one given with the Bill, which says:

This clause is similar to subsections 1 and 2 of the present section 20A. . . . The present subsections read as follows:

"20A. (1) The Superintendent may, upon the recommendation of the warden, appoint such guards, trade instructors and other subordinate officers and employees as are necessary."

The complaint is that the words "upon the recommendation of the warden" are dropped.

Hon. Mr. CALDER: I think that is very important.

Right Hon. Mr. MEIGHEN: I should say it is.

Hon. Mr. DANDURAND: I am looking at the Bill as it passed through committee in the House of Commons, and at the explanations given on clause 11.

Hon. Mr. CALDER: I think that is a very important change. Of course, it can be considered in committee. After all, the warden is responsible for the institution, and unless there is provision in the Bill that the warden's recommendations must at least be taken into consideration in connection with certain of these appointments, there will be great danger.

Hon. Mr. MURDOCK: Would the word of the warden be worth more than that of the three members of the commission?

Hon. Mr. CALDER: I should say it would be worth three times as much.

Hon. Mr. MURDOCK: The one warden?

Hon. Mr. CALDER: The one warden who is responsible, and who has had a long experience in that kind of work and knows exactly the type of man he wants to handle the work. Under this Bill, if an application comes from the city of Prince Albert for

certain guards or men in the machine shop, the commission itself has full power to make the appointments.

Hon. Mr. DANDURAND: I would bring to your attention the statement of the Minister of Justice. He was replying to the member for Toronto, Mr. Church, who said:

I understand that this commission is to be under the control and management of the Minister himself; that is, it is to be a departmental commission under the Minister. This section is the same as section 20 of the old Act, and I should like to ask the Minister what is being done in order to obtain guards, deputy wardens and wardens of the proper type. You cannot learn this business in a day. The warden and deputy warden are the chief officers, and in the absence of the warden the deputy takes his place. Is any system proposed for the training of these men, or will they just be brought in from their private occupations to act as wardens, deputy wardens and so on, and have their salaries fixed by the commission?

Under clause 10, which I said was the clause amended by my right honourable friend's Government, the higher officials were selected by the Civil Service Commission. The Honourable Mr. Guthrie, was it?—

Right Hon. Mr. MEIGHEN: I do not know.

Hon. Mr. DANDURAND: The Minister of Justice moved to amend the clause so as to withdraw from the jurisdiction of the Civil Service Commission all the higher officials and leave their appointment to the Governor in Council. The Right Honourable Mr. Lapointe approved of that system and supported the view that those men should be appointed by the Governor in Council, on the recommendation of the Minister of Justice, and he gave various reasons why the Civil Service Commission was not in a position to judge of the moral value and competency of those men. This was the reform made in 1933.

Now, here is the answer of Mr. Lapointe with respect to the guards, and so forth, who are mentioned in clause 11. In answering Mr. Church, he said:

If my honourable friend refers to the new system we want to inaugurate, the guards who will be appointed by the commission will have to undergo training and will be appointed only after their qualifications have been fully approved and recognized. Then they will be given the opportunity to show their capacity, their character, their ability to manage, and so on, and the intention is that deputy wardens and wardens will be appointed from among the men who have made good in the various services of the penitentiaries.

Up to the present nothing of this kind has existed. I know how difficult it has been in the past for Ministers of Justice to find the best possible men to put at the head of the various penitentiaries. When men already in

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the service could be appointed, after they had proved that they could assume the responsibility, they usually were appointed. Otherwise it is a difficult task for the authorities to find the best available men. As a matter of fact, at the present time there are one or two vacancies, and I have the various officers of the department at work trying to find the best possible men to appoint. I believe that with the system which will be organized it will be possible to obtain trained men. It is even the intention to have a training school under the commission—of course on a smaller scale—such as they have in England, which has proved to be such a valuable institution in furnishing men qualified to administer penitentiaries.

With this explanation as to the intention of the Government, I will move that the Bill be placed on the Order Paper for reference to Committee of the Whole on Tuesday evening next. If my honourable friends will kindly read the whole of the long debate that took place in the House of Commons, as I did last night, they will find, I think, that almost any questions they may have are answered there. But if they have any new questions to put, there will be an opportunity on Tuesday evening. And may I say that if any honourable member believes a certain man would make an ideal member of the new commission, I am quite sure the Minister of Justice would be happy to receive that man's name. The Minister is desirous of appointing commissioners who will meet with the unanimous approval of Parliament.

Right Hon. Mr. MEIGHEN: I am in favour of having the Bill sent to Committee of the Whole. But may I ask the honourable leader where this training school that he speaks of is going to be? Say a guard is wanted down at Dorchester, where is he to be sent for training? And who are to be the trainers, the professors, the faculty? Is it the intention that graduates of this training school for guards shall be sent out to various penitentiaries, as and when they are needed?

Hon. Mr. DANDURAND: I do not know where the school is to be established.

Right Hon. Mr. MEIGHEN: It all sounds very well. But what awful nonsense it is, this idea of establishing a training school for penitentiary guards in Canada! What is needed in the selection of a guard is common sense on the part of somebody who knows him.

On motion of Hon. Mr. Dandurand, it was ordered that the Bill be placed on the Order Paper for reference to Committee of the Whole at the next sitting.

The Senate adjourned until Tuesday, March 14, at 8 p.m.

THE SENATE

Tuesday, March 14, 1939.

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

Prayers and routine proceedings.

UNITED STATES MILITARY PLANE IN CANADIAN TERRITORY

INQUIRY

Hon. Mr. GRIESBACH inquired of the Government:

1. Was a United States Government military aeroplane wrecked near London, Ontario, within the last few weeks?
2. If so, was this aeroplane armed?
3. If so, what steps are the Government taking to prevent armed aeroplanes of a foreign power flying over Canadian territory?

Hon. Mr. DANDURAND: I have the following answers for my honourable friend:

1. Yes. Pursuit aircraft No. 36-372, from Selfridge Field, Michigan, crashed near Parkhill, Ontario, at eight p.m., March 4, killing the pilot.
2. Yes. This aircraft was armed, but no ammunition was seen.
3. A reciprocal agreement, renewable yearly, exists between Canada and the United States permitting military aircraft of either country, in the normal course of flights, to fly over certain portions of the other country.

PRIVATE BILLS

FIRST READINGS

Bill J, an Act to amend the Act to incorporate the Royal College of Physicians and Surgeons of Canada.—Hon. Mr. King.

Bill K, an Act to incorporate the Board of American Missions of the United Lutheran Church in America (Canada).—Hon. Mr. King.

LORD'S DAY BILL

FIRST READING

Bill 7, an Act to amend the Lord's Day Act.—Hon. Mr. Lacasse.

DIVORCE BILLS

THIRD READINGS

Bill C, an Act for the relief of Edythe Marjorie Burke Atkinson.—Hon. Mr. Robinson.

Bill D, an Act for the relief of Marie Louise Rossetti Di Rosa.—Hon. Mr. Robinson.

SECOND READING

Bill G, an Act for the relief of Stefano Guilio Luciano Roncari.—Hon. Mr. Robinson.

PRIVATE BILLS

SECOND READING

Hon. Mr. MURDOCK, on behalf of Right Hon. Mr. Meighen, moved the second reading of Bill H, an Act respecting the United Church of Canada.

Hon. Mr. ROBINSON: Explain.

Hon. Mr. MURDOCK: I have been asked to explain the intent of this Bill. I have in my hand a copy of a memorandum which, I think, is also in the possession of the right honourable gentleman (Right Hon. Mr. Meighen) who sponsors this Bill. It is the joint agreement between the representatives of the Presbyterian Church and the United Church, as endorsed by the Eighth General Council, and is as follows:

1. That each Church acknowledges the fact that a claim of continuity has been, and still is, made by the other.
2. That both Churches agree to approach together the Federal Parliament and the provincial legislatures as and when the Presbyterian Church may request the United Church of Canada to make application to the Federal Parliament and the provincial legislatures, or any of these bodies, to obtain the following amendment (or an amendment to the like effect agreed upon by the Sub-executive of the General Council and the Board of Administration of the Presbyterian Church) to the United Church of Canada Act:

"Notwithstanding anything contained in this Act, congregations, members and adherents of the Presbyterian Church in Canada, who did not on the 10th day of June, 1925, become part of the United Church of Canada and those who have since that date joined or may hereafter join with them as members or adherents may use the name 'The Presbyterian Church in Canada,' but this shall not in any way prejudice or affect the rights or powers of the United Church of Canada or of any constituent part thereof or of any corporation, board, committee or other body created by or under the government or control of or in connection with the United Church of Canada or of any congregation thereof."

3. That both Churches will seek to dwell together in mutual understanding, composing their differences upon material things, as far as in them lies, by consultation one with the other, and where possible, without recourse to the civil courts, seeking fellowship in all good works for the Kingdom of God; thus afresh commending the Gospel of Jesus Christ.

That is the purpose of the Bill now before us.

Hon. Mr. McMEANS: The honourable gentleman might explain what is the Presbyterian Church in Canada.

Hon. Mr. MURDOCK: I think my honourable friend the senator from Lunenburg (Hon. Mr. Duff) could do that better than I can, but in my humble way I shall attempt to indicate what is involved.

In 1924 and 1925, as you all know, an effort was made to bring about union among the Methodist, Presbyterian and Congregational churches. As the movement developed throughout the length and breadth of Canada, a great many distinguished persons who had been born and had lived Presbyterians were still insistent that Presbyterians they would die. They were determined that the Presbyterian Church should not be made a thing of the past. The result was that after the passage of the Church Union Bill, which appeared to take from the Presbyterian Church the right to use the term "Presbyterian Church in Canada," many adherents of that Church throughout Canada continued to carry on their worship as Presbyterians. Consequently there were misunderstandings of one kind or another between the adherents of the United Church of Canada and those of the Presbyterian Church. Many discussions have been carried on in a friendly way. This Bill and the Bill of which my honourable friend from Lunenburg (Hon. Mr. Duff) will move the second reading contemplate the removal from our everyday current life of a number of the differences that for a number of years past have existed between the two churches.

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

SECOND READING

Bill I, an Act to incorporate the Trustee Board of The Presbyterian Church in Canada.—Hon. Mr. Duff.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. ROBINSON, Chairman of the Committee on Divorce, presented the following Bills, which were severally read the first time:

Bill L, an Act for the relief of Gertrude Saul Baker.

Bill M, an Act for the relief of Mary Frances Todd Lister Cardwell.

Bill N, an Act for the relief of Herbert John Butler.

Bill O, an Act for the relief of Anna Lasnier Blain.

Bill P, an Act for the relief of Annie March Breakey Coburn.

Bill Q, an Act for the relief of Mabel Gertrude Marks Lamoureux.

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

Hon. Mr. McMEANS.

THE SENATE

Wednesday, March 15, 1939.

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

Prayers and routine proceedings.

FOOD AND DRUGS BILL

THIRD READING

Bill 13, an Act to amend the Food and Drugs Act.—Hon. Mr. King.

INQUIRIES NOT ANSWERED

On "Inquiries":

Hon. Mr. DANDURAND: I shall answer the three questions of the honourable senator from Rigaud (Hon. Mr. Sauvé) to-morrow.

Hon. Mr. SAUVE: In response to a request made on the 7th of March for information in reference to certain inquiries on the Order Paper, the honourable leader of the Government said:

I shall inquire to-morrow morning from the various departments concerned and find out why they have not been able to give me the answers to these inquiries during the past three weeks.

The honourable leader has since declared more than once that the answers were deferred because of the sickness of the officer in charge of the desired information. As these questions are all different, and presumably would be answered from different departments, I cannot conceive how one person would have charge of the answers to them all—unless there are three persons in one. Is it the person in charge who is sick, or is the Government too sick for such a mental effort? Methinks I see here the Holy Ghost representing the Father and the Son.

Hon. Mr. DANDURAND: I must correct the statement I have just made. I took it for granted that the three questions were somewhat germane to one another. I confess I had not read No. 1. I have been promised answers for No. 2 and No. 3, but I am not quite sure about the answer to No. 1. I shall know to-morrow.

PRIVATE BILL

FIRST READING

Bill 8, an Act respecting The Quebec Railway, Light and Power Company.—Hon. Mr. L'Espérance.

DIVORCE BILL

THIRD READING

Bill G, an Act for the relief of Stefano Guilio Luciano Roncari.—Hon. Mr. Robinson.

PENITENTIARY BILL

CONSIDERED IN COMMITTEE

On motion of Hon. Mr. Dandurand, the Senate went into Committee on Bill 34, an Act respecting Penitentiaries.

Hon. Mr. Donnelly in the chair.

Sections 2 to 4, inclusive, were agreed to.

On section 5—powers of Commission:

Right Hon. ARTHUR MEIGHEN: Honourable senators, I need hardly repeat that I consider this entire Bill is a charge on the Treasury without being of any benefit to the country.

Hon. Mr. DANDURAND: My right honourable friend is not in the habit of repeating himself.

Right Hon. Mr. MEIGHEN: No. I am not at all in doubt as to where the House thinks I stand, but I desire that my conviction be never absent from the mind of the honourable leader of the Government (Hon. Mr. Dandurand). I may remind him of it again. This clause reads as follows:

The Commission shall under the Minister, have the control and management of all penitentiaries and all prisoners and other persons confined therein and inmates thereof and over all matters connected therewith.

When I read this clause it seemed to me—and I consulted with the Law Clerk of the Senate—that it would probably give the Commission authority over the inmates of our penitentiaries in respect of ticket-of-leave and parole, and I could not believe that it was the intention of the Minister of Justice that that power should be in any way transferred from the Governor General, who acts on the Minister's advice, and in whom the power has always rested since this country became a dominion. It is a matter of importance from several standpoints, but chiefly one which I will mention. The prerogative of mercy, in all its aspects, is a peculiar attribute of the Sovereign. I believe that in the discussions leading up to Confederation there was an effort on the part of some persons to make this prerogative provincial, but this effort was resisted very definitely on the ground that the right appertained essentially to the Throne and should not be exercised in Canada save by the direct representative of the Throne. Of course it is exercised by him on the advice of the appropriate Minister, not on the advice of the Government as a whole. It may be provided by statute that the Minister of Justice himself can advise, but whether it is so provided or not, the Minister himself does advise, and the action of the representative of the Crown is always taken on the recommendation of his Minister. My impression

at the moment, but I may be wrong about it, is that there is not a statute authorizing the Governor General to act on the advice of his Minister in respect of the prerogative of mercy, but that the prerogative is rather the inherent right of the Throne, and therefore of the Throne's representative, though constitutionally he exercises it on the advice of the Minister.

As I was quite certain that the Minister of Justice himself would be the last to seek the removal of this tie between the Crown and the whole duty and obligation of mercy, I prepared an amendment to this section to make clear that it would not have such effect. I now move the amendment, which is:

That the following be added to section 5, as subsection 2:

Nothing in this Act shall be deemed to extend or apply to the exercise of the royal prerogative of mercy, or to the remission service of the Department of Justice, or to alter or affect or to authorize any altering or affecting of that direct control of that service by the Minister which now exists.

I may say that I discussed the subject yesterday with the honourable leader of the Government, who, I believe, has consulted the Minister of Justice about it.

Hon. RAOUL DANDURAND: Honourable senators, I must admit that when I first read section 5 it did not occur to me that the privilege of the Crown as exercised to-day on the advice of the Minister of Justice was being invaded. The impression I formed was that the commissioners would act as auxiliaries to the parole branch and give their advice to the Minister, inasmuch as they would be in closer contact with the penitentiaries than the parole branch at Ottawa is. It is not the intention of the Minister to transfer to the Commission the work which is being done by the parole branch of his department. He seemed surprised when I drew his attention to the possibility of this clause being construed as authorizing such a transfer. In view of the possible interpretation, which has been pointed out by my right honourable friend opposite (Right Hon. Mr. Meighen), the Minister has advised me to accept the proposed amendment.

The amendment was agreed to, and section 5, as amended, was agreed to.

Sections 6 to 10, inclusive, were agreed to.

On section 11—appointment of guards, trade instructors and subordinate officers:

Hon. C. E. TANNER: Honourable members, as will be seen from the explanatory note on the right-hand page opposite this clause, the Act at present reads:

The Superintendent may, upon the recommendation of the warden, appoint such guards, trade instructors and other subordinate officers and employees as are necessary for the service of any of the penitentiaries.

I am going to ask my honourable friend the leader of the House (Hon. Mr. Dandurand) to agree to the restoration of those words, "upon the recommendation of the warden," so that the first part of this section 11 would read:

The Commission may, upon the recommendation of the warden, appoint such guards, etc.

Hon. Mr. DANDURAND: Before the honourable gentleman makes a motion, will he allow me to give an explanation of the change?

Hon. Mr. TANNER: Certainly.

Hon. Mr. DANDURAND: I think that when my honourable friend has heard the explanation he will not insist upon his amendment. The clause as it is drafted has for its object a complete change in the appointment of those inferior officers, if I may call them such. It was the view of the royal commission, and the Minister of Justice concurs, that the selection of these officers should be made under an entirely new system. Under that system men to be appointed as penitentiary guards will have to go through a training course to prepare them for their work. In England, at the School of Wakefield, men who desire to become penitentiary officers must pass an examination to qualify for such positions. Training of this kind is most important and should be welcomed in this country. At the present time one officer and nine guards, two selected from Portsmouth, two from St. Vincent de Paul and one from each of the other penitentiaries, are en route to England to take a training course of two or three months at the Wakefield School. On their return there will be established what I may term an itinerant school conducted by carefully selected officers. They will visit the various penitentiaries and instruct applicants who desire to become guards. In years to come there may be established a permanent school similar to that at Wakefield. Only applicants possessing those qualities so essential in penitentiary guards will be selected for training. It is hoped that from guards so carefully selected and well trained will be drawn our future wardens. I believe this system should commend itself to my honourable friends and to the country at large. Politics would be entirely eliminated in the appointment of penitentiary officers, and the work of selection and appointment now conducted by the Civil Service Commission would be taken over by the Penitentiary Commission. In the circumstances I think section 11 should not be amended.

My honourable friend may ask, "What harm is there in consulting the wardens?"

Hon. Mr. TANNER.

It goes without saying that the members of the proposed commission would make appointments with their eyes open. Furthermore, they would do so with the knowledge that the appointees had passed through a training which entitled them to preferment over applicants from the outside who had neither training nor experience. It may be regarded as a closed service, if you will, but that system would enure to the advantage of the service itself, and in the circumstances I think my honourable friend should accept the section as drafted. True, the commissioners will no longer make appointments on the recommendation of the warden, but they will have the advantage of making their selection from men who have been given a thorough schooling by well qualified and experienced instructors. I am confident that not only the present Minister of Justice but those who may succeed him in the years to come will do their utmost to ensure that our penitentiaries shall be well manned, well organized and well directed.

Hon. Mr. TANNER: I have an answer that may not be wholly satisfactory to the honourable leader of the House. The present clause was enacted six years ago. As I understand, it was inserted for very sound reasons and with the virtually unanimous approval of this House and of the House of Commons. I anticipated that my honourable friend would tell me about the training school, but I do not think it is a sufficient answer to my objection to the section as drafted. I have no criticism of the projected school; indeed I can see that its establishment may effect a substantial improvement in our penitentiary officers. But we have to remember what was said the other day and what is, I think, an unchallengeable fact, that the warden of a penitentiary is the key man of the whole establishment.

Right Hon. Mr. MEIGHEN: Hear, hear.

Hon. Mr. TANNER: He is responsible for the administration of the institution and of all its inmates, and, as the Minister of Justice said the other day, it is a tremendous responsibility. That need not be enlarged upon, for a moment's reflection will convince one that with many desperate characters under his charge he is confronted with formidable difficulties. If he is a capable man you have good administration; if not, as the right honourable leader on this side of the House says, you cannot expect good administration. But honourable members will admit that no matter how competent he may be, a warden cannot be expected to make a success of his work unless he has competent men under him—men that he can trust, men that he

knows, men that he can feel safe with. That is why this law was passed in 1933, to safeguard the warden, the institution and the country. We have placed that heavy responsibility on the warden, and I think it is our duty to protect him by continuing the present safeguarding clause.

The moment the proposed legislation goes into effect our penitentiaries will pass under the control of three commissioners. We do not know who the commissioners will be, but I think it is a safe conclusion that though they may be very able men in some respects, they may not know anything about running a penitentiary. They will have to learn. While they are learning, the warden, the key man of the penitentiary, may have all kinds of incompetent and unsafe persons selected to take positions under him. I do not think the warden should be left in that precarious state; on the contrary, he should be safeguarded, at any rate until the proposed school has been established and has proven its merit.

Where are these schools to be established? How long will it take to build them up? If we are to judge from the tardy pace in other governmental spheres of action, it may be months or even years before the proposed schools not only are established, but are able to operate on an efficient basis. In the meantime the safeguard for the warden is withdrawn, and he will have to take anybody the commissioners may send to him, whether trained or untrained. I submit to my honourable friend that that is neither fair to the warden nor to the penitentiary system. The only training of real value is derived from the actual work of administering the affairs of the penitentiary, and that training can be given only in the penitentiary. The warden is the only man who can give the necessary instruction until the school is in full operation.

I am not criticizing the establishment of some kind of training school, but I say to my honourable friend opposite that he should not even for a month, let alone for two or probably three months or longer, leave penitentiary wardens exposed to the danger which was guarded against in 1933 by the section which it is now proposed to abrogate. I intend to submit my amendment to the judgment of the House, and I hope my honourable friend will accept it.

Hon. Mr. DANDURAND: I would remind my honourable friend that the royal commission has stated that the change made in 1933, to which he has referred—granting the warden the right to advise the superintendent on the appointment of guards and other subordinate officers—has not worked satisfactorily.

Hon. Mr. GRIESBACH: Why?

Hon. Mr. DANDURAND: I have not the text before me, but I am told that pressure was put on the wardens in some cases, and that the men selected did not prove satisfactory.

Right Hon. Mr. MEIGHEN: Pressure of what kind?

Hon. Mr. DANDURAND: Outside pressure.

Right Hon. Mr. MEIGHEN: Political pressure?

Hon. Mr. DANDURAND: I would say political pressure.

Now, with reference to the gap which my honourable friend (Hon. Mr. Tanner) sees between the present system and the working out of the new system, and to the possibility that the Commission might not be experienced, I would draw attention to the fact that the three present inspectors will be the assistant commissioners; so there will be continuity of experience and service. Inasmuch as we have gone to the trouble of asking the inquiry commissioners to study the situation, and they have suggested the system now carried into this Bill, I think we should be somewhat chary about amending it. Of course we can do so, but I believe that under the new system, the Penitentiary Commission having its eyes open, and having the help of the assistant commissioners, who must have had some training before they were selected, there is a complete safeguard under the clause at it is.

Hon. Mr. TANNER: I do not think there is any safeguard during this period of study. The intention is to cut out the safeguard. Never, so far as I have been able to observe during the discussions on this Bill, has there been a suggestion in either House that the law as it now exists was not satisfactory. There is no complaint that it has not worked well, and what I protest against is the fact that though this new system may require considerable time to devise and build up, the one safeguard which the wardens have is now to be eliminated.

Hon. Mr. DANDURAND: Here is the reconstruction of personnel, as taken from the report of the royal commission, page 344:

Your Commissioners are convinced that the success or failure of the recommendations contained in this report will depend almost entirely upon the prison personnel to be charged with carrying out the recommendations. The success of every prison system is dependent upon the type of officers in that system.

It is herein clearly indicated that, in the opinion of your Commissioners, it is imperative that several officers should immediately be retired from the service. As soon as the Prison Commission herein recommended has been appointed, a definite plan should be evolved for a complete reconstruction of the personnel on entirely new lines. Heretofore, officers have been selected with little regard for their ability to perform other than custodial duties. The result has been that there are few officers in the service who have either the capacity or the training to exert any reformative influence on the prisoners. They are "guards" and nothing more.

Hon. Mr. GRIESBACH: I want to ask one or two practical questions in connection with this matter. Vacancies amongst guards occur, not in shoals or flocks, but one at a time. A man may fall ill, resign or be dismissed. The intake of guards at a penitentiary would not be more than eight or ten a year. Now, if a vacancy occurs for any reason, and a man is required to fill it, what is going to happen? Will the warden be able to take a man on temporarily, or will he have to wait until the Commission at Ottawa move?

Right Hon. Mr. MEIGHEN: They will take the graduates, I suppose, in the order of examination results.

Hon. Mr. DANDURAND: The answer is that there is a list of those qualified.

Hon. Mr. GRIESBACH: Now?

Hon. Mr. DANDURAND: Now. And the wardens may recruit from that list in an emergency.

Hon. Mr. GRIESBACH: Who prepared that list?

Hon. Mr. DANDURAND: The wardens prepared the list under the law at it stands.

Hon. Mr. GRIESBACH: Assuming that the list is completely exhausted, who is going to make the appointment or the temporary arrangement to carry on?

Hon. Mr. DANDURAND: I am informed that it will take five or six years to exhaust the list.

Hon. Mr. GRIESBACH: That is not a sound answer. The gentleman who advised the honourable senator should know that an apparently permanent list falls away. I have had something to do with lists of that sort, and know that you are apt to find that the man you want has gone to California or somewhere else, or is dead. Such a list has to be kept up to date, and I would not attach much importance to that answer.

Hon. Mr. DANDURAND: I am informed that there is no lack of candidates.

Hon. Mr. DANDURAND.

Hon. Mr. GRIESBACH: Well, I will pass from that. There will be no lack of candidates of a type.

The honourable gentleman referred to the hope that it may be possible to supply the penitentiary with all its officers, up to the warden, from the intake under the new system. I would ask if it is the intention to increase the pay and improve the status of the service. I assume that even this Commission will not attempt to promote from the ranks people who are not fit for the service.

Hon. Mr. DANDURAND: The Minister of Justice said in the other House that he would await the work of the Commission, and the report on such questions.

Hon. Mr. GRIESBACH: What is obvious to everybody is that a system of promotion from the ranks is utterly worthless unless it ensures that people fit to be promoted go into the ranks. So I ask, how are you going to raise the qualifications of those who go into the ranks, in order to make sure that you will have the proper people to promote?

Hon. Mr. DANDURAND: It is expected that the standard will be raised through the training the men will get, and by reason of the selection from among those that are trained. All who offer will not be accepted.

Hon. Mr. GRIESBACH: Money makes the mare go, and money produces a better type of candidate.

Hon. Mr. DANDURAND: When my honourable friend refers to money, he means wages?

Hon. Mr. GRIESBACH: Wages, salaries, swag, or whatever you call it.

I come now to the school. I am thinking of the school in England. Whom have we sent there? A deputy warden—

Hon. Mr. DANDURAND: The gentleman had been in the service before. He is not in it now, but he knows all about the work of the penitentiary.

Hon. Mr. GRIESBACH: I am speaking of the delegation that has gone to England for training.

Hon. Mr. DANDURAND: Nine guards have been sent for training: two from St. Vincent de Paul, two from Kingston, and one from each of the other penitentiaries.

Hon. Mr. GRIESBACH: We have a similar system in military training. We have schools giving courses all the time, but we never dream of sending private soldiers to the training schools. That is what you are doing here. Am I to understand that when these guards have taken this course of two or three

months of training in England and have returned, one of them, say a guard from Prince Albert Penitentiary, will inaugurate the system of training in that penitentiary, without the consent or knowledge of the deputy warden?

Hon. Mr. DANDURAND: The men who are sent are deemed to be the best men in the various penitentiaries.

Hon. Mr. GRIESBACH: But they are guards.

Hon. Mr. DANDURAND: Yes.

Hon. Mr. GRIESBACH: The lowest stratum.

Hon. Mr. DANDURAND: Well, these men are fitted through education and experience, and there are among them some university graduates.

Hon. Mr. GRIESBACH: If that is so, it is a new one on me. Looking at the question from the point of view of the working of the penitentiary, I cannot conceive that a man who is in the lowest grade in the penitentiary can give very effective training to others.

Hon. Mr. DANDURAND: In each penitentiary there will be a nucleus of instructors for the training of the men who will present themselves.

Hon. Mr. GRIESBACH: The proper persons to receive the training are either the wardens or the deputy wardens, who on their return may put into practice the things they have learned.

Passing from that to the practical use of all this, I may say that I entirely agree with the idea of schools. I concur in the hope that you may find in your penitentiary service men who are suitable for the highest rank; but I know enough of this business to know that unless you can evolve a system which induces the right type of men to come into the lower ranks, your system of promotion will never work.

I come now to the schools. This is a very large country, and the holding of a school in any part of Canada to which candidates would come would be a very expensive matter. I take it that a permanent appointment will be made only after a man has been to one of these schools. If that is so, how does a man at New Westminster who applies to enter the service get to the school? Is he taken on on probation and given the course later, or does he take the course first?

Hon. Mr. DANDURAND: I stated a moment ago that the men who are directing the training will go from one point to another,

and will first see to the organization of that nucleus of men who are to examine and train the local men in the neighbourhood. They will then supervise for a time the work that is going on there. Those itinerant instructors will naturally have the qualifications necessary for them to act as supervisors, and it will probably be some time before the Government decide upon a central school. The schooling will take place in the penitentiaries through the organization and supervision of the nucleus by instructors who will go from one penitentiary to another.

Hon. Mr. GRIESBACH: I quite understand that in England there is what might be described as a course of instruction. A two-year course of training in police work has been evolved there. We have long since had medical schools and legal schools, and I see no reason why we should not evolve a system of training in interior economy, reclamation, moral reform, and the like, in connection with the penitentiaries; but obviously the training must come from a person of some standing in the service. I think the capacity of a guard to reach that standard through the system is extremely slim. However, as someone else is authorized to go from penitentiary to penitentiary, the organization may be slowly built up.

That brings us to the point raised by the honourable senator from Pictou (Hon. Mr. Tanner). Is it proposed that in the meantime this Commission in Ottawa will select for employment these men in the lowest rank, without the intervention of the warden?

Hon. Mr. DANDURAND: I am informed that for the present the Commission, with the supervision of inspectors and assistant commissioners who have been in contact with the penitentiaries, will have to use the list that has been prepared by the warden in each of the penitentiaries.

Hon. Mr. GRIESBACH: But the honourable gentleman said that the old system of preparing the lists was not a success and that because of political interference the wardens were not free in making their choice. There is a list that is probably four years old—I should not think it would be much older—and for many years to come the selections will be made from that list.

Hon. Mr. DANDURAND: The list is being added to from week to week.

Hon. Mr. GRIESBACH: I quite believe that. Then am I to understand that after the passing of this Bill the warden will have nothing to do with the preparation of such a list, and that the list will be kept here? How

will the inspectors proceed with the graduation of that list, or the making up of the list as to seniority, or upon the advice of what local person will the inspector here act if the warden is eliminated?

Hon. Mr. DANDURAND: My honourable friend takes it for granted that the warden and deputy warden will be virtually non-existent. I cannot for a moment believe that the assistant commissioners will not continue to be in contact with those officers in every penitentiary.

Hon. Mr. GRIESBACH: Why not accept the amendment that is offered?

Hon. Mr. DANDURAND: Because another system is being proposed. If I were an assistant commissioner, during the so-called gap between the present and the time when the new system is functioning perfectly I would utilize the best information obtainable from any penitentiary where a vacancy occurred. That goes without saying.

Right Hon. Mr. MEIGHEN: Honourable members, I do not expect that what I say will meet with the approval of the House, even, and I have no confidence that it will meet with the approval of the country. I find myself totally at variance with all this drift of things. Whenever we have a royal commission there is always something more extravagant suggested, which it is said will bring in the millennium. We are always going to have an altogether different clay in our officials from that time on: The new men are to be entirely different from the old, and therefore the infirmities incident to our race will no longer appear, but will be something only of memory. The public accepts that, I admit, and does not fear the cost. In fact, I am afraid I have to confess that the public likes to see governments spend money. The more governments spend, the more they strangle business by taxation, and the greater the number of poor, well-intentioned and hard-working people consequently thrown out of employment, the more likely they are to be returned to power, provided of course they talk long enough and loud enough about human rights, the larger liberties, and all those other things that tickle the ears of the groundlings. So I am not hopeful of getting anywhere on this, but if I cannot express what is in my mind I had better not be here.

I have not an iota of faith in this school system. Nor have I an iota of faith that three commissioners at Ottawa, with three assistant commissioners, will in any way improve conditions in any penitentiary. I believe these conditions can never be improved except by improvement of officials at the

Hon. Mr. GRIESBACH.

penitentiaries, starting with the heads. We talk about a school for guards, and we are told there is one in England. I fancy it is rather a place for investigating and studying would-be guards, to find out if they have the requisite character. That may be practicable in a tight little island, with its institutions right around the place where guards are being taught, but to talk about an educational institution for schooling guards in Canada seems to me to be the very height of extravagance and fantastic nonsense. An itinerant school! What subjects will be taught there? Can anyone suggest any subject that should be taught a man before he will make a good guard in a penitentiary?

Hon. Mr. LACASSE: Ju-jitsu.

Right Hon. Mr. MEIGHEN: Are they going to be taught how to handle bandits with the right hand and with the left hand, and how many bandits may be led together through corridors? Is another subject on the curriculum to be about sex perverts and so forth? What are to be the essential elements of education for guards? Let us get down to practical facts. I know a guard is better for being intelligent, and he is better for having some education, but the great bulk of people have that.

Hon. Mr. DANDURAND: And he is better for having training.

Right Hon. Mr. MEIGHEN: Certainly. But the only place to train a guard is at his work. The idea of training a man in the handling of prisoners at a school here in Ottawa or, say, in the Maritimes, is utter nonsense. If you want to choose a man who is likely to make a good guard, size him up. I will tell you the basis on which to size him up, and that is his character. The qualities needed are character and common sense. Any man who possesses these can be a good guard; without them, no man can be.

Hon. Mr. LYNCH-STANTON: Hear, hear.

Right Hon. Mr. MEIGHEN: You cannot give a man character and common sense by any system of schooling, no matter how ingenious you are. You can employ many additional people and put up another building here at Ottawa, you can add to the debt of the country and bear down a little more heavily on the taxpayer, but that is all you can do by establishing schools for guards. I ask the leader of the Government to put himself in the position of a warden. He has charge of hundreds of men, some of whom are desperate, or may be—it is difficult to tell

whether they are or not. His duty is to make the best of them all, to maintain the discipline of his institution.

Hon. Mr. GRIESBACH: To keep them safe.

Right Hon. Mr. MEIGHEN: Yes. He has to see that he does his duty to the nation which appoints him. A heavy duty rests upon him, and the instruments through which he carries out that duty are these guards. Now, if my honourable friend were a warden, would he not want to select his guards from men whom he has been pretty close to, whom he has examined personally, whom he has known for some time, and whose families perhaps he knows, or, at any rate, men whom he has had an opportunity of sizing up time and time again? Would he not rather entrust the reputation of his wardenship to men so chosen than to men who have attended a school in Ottawa and been sent out to him by six commissioners here? I know he would, just as well as I know he is sitting in his seat right now. Further, he would not want guards appointed in any other way, for he would never feel safe with them.

A warden's position is a very, very responsible one. I can think of none which is more responsible. A warden is constantly on edge lest something occur which will damage the reputation of his institution and consequently of himself. I wonder how a warden would feel if the men on whom he depends, on whom he must depend, were to be shipped out to him from some new-fangled school at Ottawa or elsewhere. I do not like to be personal, but there is something I want to say. I am speaking, of course, on my own responsibility. I have had a brother in the position of warden, and I appreciate the fact that the references to him in the royal commission's report were favourable. But I would say this, that never in my life did I hear him complain that, under any government, any pressure at all prevented him from selecting good guards. And I cannot conceive of any competent warden being so influenced at all. A weak man, an incompetent man, would be. If that is the kind of man a warden is, let him out. But if he is a man fit for his post, he is never going to allow the wrong kind of guard to be appointed under him. There is too much at stake. Unless he has good guards, the first thing he knows is that he has a riot in his institution, or a scandal. I stand to say that if I were a warden I would rather select my own men, even if I had to fire them or recommend their being fired within a week, than be required to accept somebody just because he had taken some course of instruction in a school.

Let me again emphasize that what a guard needs is character. He must be possessed of a desire to help to the best of his ability the men who are placed under his care. He must keep them in their place and see that they do the work expected of them, see that they once more get the notion that we are meant to work in this world. That notion had passed out of their heads before they got into the penitentiary, and it must be regained. I repeat that if a man has character and common sense he is very likely to make a good guard. If he has not these qualities, all the curricula on earth will never make him fit for his job; all the instructors you can bring into an institution will not help him one iota.

Hon. Mr. COPP: I should like to ask my right honourable friend one question. He spoke about his brother, but I did not quite understand whether he said he had never heard his brother complain.

Right Hon. Mr. MEIGHEN: He never complained about any pressure, from any government, in the appointment of guards.

Hon. Mr. COPP: Do I understand the fact is that he never complained, or that pressure was never used in his case?

Right Hon. Mr. MEIGHEN: I think if there had been pressure used he probably would have told me.

Hon. Mr. COPP: He might have, or not.

Hon. Mr. HAIG: As to these men who have been sent to the school in England, were they guards who had been employed in penitentiaries for some time?

Hon. Mr. DANDURAND: Yes. Their service in penitentiaries averaged about eight years.

Hon. Mr. HAIG: How long has the man who was sent from the Manitoba penitentiary been employed there?

Hon. Mr. DANDURAND: The only information I have is that he was there a long time.

Hon. Mr. HAIG: He has been taken on since the 15th of October, 1935, if his name is correctly reported in the paper. In the last Dominion election he was the chief organizer for Mr. Maybank, in Winnipeg South-Centre. I know the young man very well; he lives on the street next to me. He has not been employed very long.

Hon. Mr. DANDURAND: Is he a bright boy?

Hon. Mr. HAIG: Yes, and he has a fine mother too. I think he is a university graduate, but I am not sure of that.

Hon. Mr. ROBINSON: Was he a good organizer?

Hon. Mr. HAIG: Yes: Mr. Maybank won the election. I just wanted to know how long this young man had been employed before he was sent to England.

Hon. Mr. DANDURAND: Perhaps he was the brightest person available.

Hon. Mr. HAIG: I do not know.

Hon. Mr. DANDURAND: Before we finish with our work, I will get the information.

I would remind my right honourable friend (Right Hon. Mr. Meighen) of a statement made by a very brilliant man, Mirabeau, at the time of the French Revolution. He said one day that when everybody was wrong, everybody was right. I find that there are schools for the training of guards in Great Britain, Switzerland, Japan and France. Surely all these countries cannot be wrong in establishing such schools. I will read a brief extract from the syllabus of the Wakefield school, which is to be found at page 348 of the royal commission's report:

I would emphasize the fact that in these training courses we do not attempt to produce the completely trained prison officer; only time and experience can do that.

What we do try to do is to give the man a general broad outline of the varied duties and responsibilities that will fall to his lot—at the same time arriving at the most accurate character assessment we can of each individual—thereby assuring, as far as is possible, that only the most suitable go forward.

Finally, what do we want and look for in the English prison officer? First of all the temperament must be right. Many an otherwise excellent fellow is temperamentally quite unsuitable. He worries—or alternatively cannot bother with details—he is no use to us. We are most concerned with him as a man, with what he is now and his outlook on life now, rather than with his previous record or intellectual or educational excellence. Many a good man has already given his best in other services.

Right Hon. Mr. MEIGHEN: That is not training at all. What the honourable gentleman quoted there simply means that the guard is told what he will have to do, and his character is investigated.

Hon. Mr. DANDURAND: On page 349 of the report is a list of thirty-nine subjects which are included in the course of instruction.

If men who are taken on as guards are well chosen, their efficiency will increase from year to year with their experience. It seems to me that the system of training guards which has been followed in other countries should be just as effective here. I am convinced that when a training school is in

Hon. Mr. HAIG.

operation there will be a better chance to test persons applying for the position of guard, and that wardens will have more assurance as to the fitness of their new guards than they have to-day. I am surprised that any objection should have been raised to this work of instruction. After the experience that has been obtained in other countries it seems to me that Canada would be making no mistake in following in their footsteps. However, I am in the hands of the Senate.

Hon. Mr. GRIESBACH: A man would be appointed as guard before he was sent to the school?

Hon. Mr. DANDURAND: No. The school would train only applicants.

Right Hon. Mr. MEIGHEN: Would the school be open to anyone who wanted to enter?

Hon. Mr. GRIESBACH: There will be a large number of men wanting to go to the school. You will have to limit your admissions to men who you think will make good. It seems to me the men should be appointed first and sent to take the course later.

Hon. Mr. DANDURAND: I take it for granted that there would be some process of elimination, based upon the record presented by each man in his application. The best men would be chosen to take up the course of training.

Hon. Mr. GRIESBACH: But the training course in England lasts two or three months.

Hon. Mr. DANDURAND: At the Wakefield school it lasts nine weeks.

Hon. Mr. GRIESBACH: Very well. I take it you will establish one school in Canada.

Hon. Mr. DANDURAND: No; one in each penitentiary.

Hon. Mr. GRIESBACH: With the course lasting the same time?

Hon. Mr. DANDURAND: Nine weeks.

Hon. Mr. GRIESBACH: Let us examine that from the practical point of view. We will say there are three vacancies for penitentiary guards. Do you take the whole list of applicants and put them through the school, or do you select three to receive the necessary training?

Hon. Mr. DANDURAND: I imagine they have already been trained and are on the waiting list.

Hon. Mr. GRIESBACH: You are going to train everybody on the waiting list?

Hon. Mr. DANDURAND: Yes.

Hon. Mr. GRIESBACH: Surely you cannot do that.

Hon. Mr. DANDURAND: Those who desire to take the training will be trained, but a selection will be made from them.

Hon. Mr. GRIESBACH: With all due respect, what has been stated is so impracticable that I cannot accept it.

Hon. Mr. DANDURAND: I understand there are one hundred and twenty candidates for positions in the Portsmouth penitentiary. In due time they will be notified that they may enter the school for the necessary training, but only as applicants. Before being appointed they must agree to follow that course.

Hon. Mr. GRIESBACH: We will say that at Portsmouth penitentiary there are six vacancies. Does the honourable gentleman seriously tell me that a nine-week training course will be given to those one hundred and twenty applicants if they ask for it?

Hon. Mr. DANDURAND: Surely my honourable friend is not under the impression that that procedure will be followed where there are only six vacancies. Candidates will be trained from year to year, and there will be a waiting list of those who have been declared fit to enter the penitentiary service.

Hon. Mr. GRIESBACH: I think I know exactly how it will be done. In fact it is the only way in which it can be done. The warden will recommend to the commissioners that so-and-so and so-and-so be given temporary employment, to be made permanent on the passing of some examination. That is how it will be done; let there be no delusion about it. To suggest that all the applicants, unless they are unemployed, will be able to devote nine weeks' time to the schooling, does not hold water. In the long run, I am confident, you will find it is the warden who has made the recommendation.

Hon. Mr. LYNCH-STANTON: Does the honourable gentleman say that the department will train the hundred and twenty men, or will the scheme that has been suggested be adopted?

Hon. Mr. DANDURAND: Those one hundred and twenty applicants will be asked if they want to take that training, and those who accept will go through a nine-week course. They will have to be taken care of through the instructors.

Hon. Mr. LYNCH-STANTON: How are you going to house those men in the meantime?

Hon. Mr. DANDURAND: They live in Kingston.

Hon. Mr. CALDER: I do not intend to argue for or against the proposed school. It should be all right. There is much that a guard can learn before he ever gets on the job, but the main consideration is his character. A man of virtually no education can be a first-class guard if he is of the right type. But this interregnum bothers me a good deal. It will take the commission a considerable time to make its rules and regulations and get its machinery at work. In view of that, if we cannot accept the proposition of the honourable member from Pictou (Hon. Mr. Tanner), would it not be advisable to strike out the word "guards," leaving the rest of the section as it is drafted? Let the commission appoint trade instructors and other subordinate officers. But the warden cannot be all over the institution, and the guard is his instrument. The guard is everything in a penitentiary. Let him still be appointed upon the recommendation of the warden.

Hon. Mr. DANDURAND: I would draw the attention of my honourable friend to this fact. At the present time there is a waiting list prepared by each warden. During the interregnum vacancies can be filled from that waiting list. The inspectors of to-day will be the assistant commissioners to-morrow, and they are in contact with every penitentiary. They can select the best men from that list. I do not doubt that if the warden says he knows personally the man who is third, or first, on the list, that statement will be a factor. But I think we are conjuring up difficulties that will never arise.

Hon. Mr. CALDER: I have been connected with the Civil Service one way or another for many years, and I think I know civil servants from A to Z. At the present time no man can be appointed except upon the recommendation of the warden, but once the commissioners themselves are appointed, and the old section is no longer operative, you will have an entirely different situation. My suggestion would be that for a period of one year, or until such time as the new machinery is in operation, no guard should be appointed except on the recommendation of the warden. There is likely to be an interregnum of at least six months before the new machinery can be brought into operation.

Hon. Mr. HUGHES: The Act will come into force by proclamation.

Hon. Mr. CALDER: But it will be necessary to appoint your commissioners at a comparatively early period, so they may get to work without delay. It seems to me that the point raised by the honourable senator from Pictou is well worth consideration, and

that we should protect the warden with respect to the appointment of guards until such time at least as the proposed machinery is in full operation.

Hon. Mr. FARRIS: Some of us are wondering just how we should vote on this matter. Personally, if I were to be guided entirely by the discussion, I should be inclined to support the amendment, but I think there is more involved than appears on the surface. The right honourable leader opposite (Right Hon. Mr. Meighen) very frankly bases his criticism not perhaps so much on the clause in question as on the whole scheme of the Bill. He has not much faith in the basic principle of appointing the proposed commission. There is always danger in applying amendments on that basis, as I learned from an unfortunate experience some years ago. I had occasion to introduce a liquor bill in the Legislature of British Columbia. I tried to modify it largely to meet the views of the prohibitionists, and incorporated certain provisions which were honestly presented, but, from our standpoint, were not consistent with the scheme of the Bill at all. I take it the Minister of Justice, after careful consideration of the report of the royal commission which investigated our penitentiaries, has presented this Bill to give effect to their recommendations. If so, it seems to me logical to start on the assumption that the proposed legislation is sound, and that the details should not be interfered with so as to destroy its effect. I sympathize with the proposal of the honourable senator from Pictou, but I submit it is inconsistent with the scheme of the Bill.

Hon. Mr. LYNCH-STAUTON: How is it inconsistent?

Hon. Mr. FARRIS: Because the scheme of the Bill is to place responsibility on the commission to work out the new system. I fail to see much difficulty during any interregnum. Though it will no longer be compulsory for appointments of guards and other subordinate officers to be made upon the recommendation of the warden, there is no good reason why the commissioners should not accept such recommendation to the fullest extent during whatever period may be necessary before the new machinery is functioning. I think we may assume that the commissioners to be appointed will act intelligently during the interregnum.

Right Hon. Mr. MEIGHEN: The Minister has his officer in front of him. Could he tell us what is the cost per convict, per week, including the annual charges on the capital investment in our penitentiaries?

Hon. Mr. CALDER.

Hon. Mr. DANDURAND: I would refer my right honourable friend to the annual report of the Superintendent of Penitentiaries. In table 10 there is a statement of the expenditure per convict, per diem, at the different institutions for the year ended March 31, 1938.

Right Hon. Mr. MEIGHEN: That would include not the overhead at all, but purely local expenditure.

Hon. Mr. DANDURAND: I do not think so. This covers all penitentiaries: cost of staff and administration, maintenance of convicts, discharge expenses, operating expenses, maintenance of buildings and equipment. This represents a total of \$1.85, excluding capital cost.

Right Hon. Mr. MEIGHEN: Per day?

Hon. Mr. DANDURAND: Per day. These are the figures for the various penitentiaries: Kingston \$1.63, St. Vincent de Paul \$1.58, Dorchester \$1.86, Manitoba \$2.31, British Columbia \$2.12, Saskatchewan \$1.89, Collins Bay \$2.48.

Hon. Mr. CALDER: Do those figures include the cost of guards?

Hon. Mr. DANDURAND: Salaries.

Hon. Mr. TANNER: I would point out to the honourable leader of the House that if my amendment is accepted it will not necessarily be the law for ever. This Parliament will be sitting again in five or six months' time. So I cannot see what great calamity can befall our penitentiaries or the new system by the continuance of this safeguard until next session, when those in charge will be able to tell us with some certainty how the proposed system is working out. We are not tying our hands for ever by accepting this amendment.

Hon. Mr. DANDURAND: My honourable friend is proposing provisional legislation. I suggest that we place a little confidence in the commissioners who are to administer the penitentiaries. Surely we may take it for granted that the men to be appointed possess at least average intelligence. It is axiomatic that those charged with responsibility generally respond to it. I suggest that honourable members accept the scheme as proposed and trust to the good sense of the commissioners to do the right thing by the country.

Hon. Mr. TANNER: Who are they?

Hon. Mr. DANDURAND: If my honourable friend has in mind an ideal candidate as commissioner, let him give me his name.

Hon. Mr. TANNER: I know that in 1933 the present Minister of Justice approved of the section which I desire to have retained, and I fail to find in the Commons debate on this Bill that he has since taken any position to the contrary. He put the same point when he approved of this law. He said: "I have the responsibility. I want to see that the law is carried out. I want to see that the penitentiaries are properly managed." Therefore he voted for the law that I am asking for.

Hon. Mr. DANDURAND: Yes, but we have a new system.

The amendment of Hon. Mr. Tanner was agreed to: contents, 30; non-contents, 17.

Section 11, as amended, was agreed to.

Sections 12 to 15, inclusive, were agreed to.

On section 16—construction and repairs:

Right Hon. Mr. MEIGHEN: Mr. Chairman, unless some other honourable member wishes to discuss a particular section of the Bill, so far as I know there is nothing else to be discussed. All the Bill does is make the change from the superintendent to the commission.

Section 16 was agreed to.

Sections 17 to 84, inclusive, were agreed to.

The Bill was reported as amended.

THIRD READING

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

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

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

THE SENATE

Thursday, March 16, 1939.

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

Prayers and routine proceedings.

ADJOURNMENT—BUSINESS OF THE HOUSE

Hon. RAOUL DANDURAND: Honourable senators, I move, with the leave of the Senate, that when the Senate adjourns this evening it stand adjourned to Tuesday evening at 8 o'clock.

The reason for this motion is twofold: there is nothing on the Order Paper for to-morrow, and on Tuesday the Special Railway Committee will devote the whole morning and afternoon to its inquiry.

Right Hon. ARTHUR MEIGHEN: It occurs to me that if the Senate does not meet until 8 o'clock on Tuesday night our Special Railway Committee may find itself without some of its members when it convenes at half-past ten in the morning.

Hon. Mr. DANDURAND: I have asked members of the committee if they will be here on Tuesday morning, and I find that they will be.

Right Hon. Mr. MEIGHEN: Then that is all right. I shall be here myself.

Hon. C. P. BEAUBIEN: May I intervene to inform the honourable leader of the House (Hon. Mr. Dandurand) that three or four members of the Special Railway Committee are also members of the Divorce Committee, which committee is also sitting on Tuesday morning.

Hon. JAMES MURDOCK: We shall get to the Railway Committee all right.

Hon. Mr. BEAUBIEN: It would be a pity if those members, being engaged on the Divorce Committee Tuesday morning, could not attend the Railway Committee. To meet their convenience, why not call the Special Railway Committee for Wednesday and Thursday mornings?

Hon. Mr. CALDER: A difference of one day.

Hon. Mr. BEAUBIEN: Yes. We have very few witnesses, and we could easily notify them to appear on Wednesday instead of Tuesday. It seems to me it would accommodate everybody much better if we called the Special Railway Committee for Wednesday morning. There is no special reason for proceeding on Tuesday morning.

Hon. C. W. ROBINSON: In view of the fact that the Special Railway Committee is to meet on Tuesday morning at 10.30, and we want to attend, we have arranged to call the Divorce Committee together that morning at 9.30. We think that by meeting an hour earlier than usual we shall be able to finish our business and attend the Railway Committee.

Hon. Mr. BEAUBIEN: There is no doubt it will be a hardship to the members of the Divorce Committee if they are not able to complete their business in time to attend the Special Railway Committee. I have inquired, and am informed there is no particular reason

why our Railway Committee should proceed on Tuesday morning. We might just as well resume on Wednesday morning.

Hon. Mr. MURDOCK: We decided in the Railway Committee that we would meet on Tuesday morning.

Hon. Mr. BEAUBIEN: Yes.

Hon. Mr. MURDOCK: Then let it stand in that way.

Hon. Mr. BEAUBIEN: No. Why can we not agree to sit on Wednesday morning instead?

Hon. Mr. MURDOCK: Because we are not the Special Railway Committee, and that committee decided to meet on Tuesday morning.

Hon. Mr. BEAUBIEN: My friend is much too particular about the rules in this instance. He is not always such a stickler in other respects. I am speaking in the interest of everybody. No one has given me any reason why the Railway Committee should sit on Tuesday morning. We might as well proceed on Wednesday morning.

Right Hon. Mr. MEIGHEN: It is quite true we are not in the Railway Committee and could not decide anything anyway, but if we were in that committee we ought to keep in mind the fact that we have two witnesses for Tuesday morning, one of whom comes from as far as Calgary. Doubtless he has made arrangements to be here on that day, and I do not think we have sufficient reason to wire him not to come until next day. The same applies, though with less force, to the man from Kingston. As I understand from the Whips, the members can be here on Tuesday morning, and it would seem to me, notwithstanding the forceful argument of my friend to the right (Hon. Mr. Beaubien), we ought to go ahead as arranged.

Hon. Mr. DANDURAND: Then it will be understood that the members of the Special Railway Committee will meet at half past ten on Tuesday morning, and that the Senate will meet only in the evening, in order that the committee may devote the whole day to the railway inquiry.

Right Hon. Mr. MEIGHEN: All right.

The motion was agreed to.

PRICE SPREADS—REMEDIAL MEASURES

INQUIRY POSTPONED

On the notice by Hon. Mr. Sauvé:

That he will inquire of the Government:

1. Is it a fact that the Government have taken steps to redress the abuses mentioned in the report of the royal investigating commis-

Hon. Mr. BEAUBIEN.

sion appointed by a resolution of the House of Commons on February 2, 1934, with power to seek and examine the causes of the wide spread between the price received by the producer for his goods and the price paid by the consumer for the said goods; also to study the system of distribution of farm produce and other natural products, and manufactured products, etc., in Canada?

2. If so, what measures were taken in that respect?

Hon. Mr. DANDURAND: The honourable gentleman's question covers the activities of more than one department; and it will take some time, I presume, to secure an answer. Honourable members of the Senate have only to read the question to see what it involves.

The inquiry stands.

UNITED KINGDOM-UNITED STATES TRADE AGREEMENT

INQUIRY

Hon. Mr. SAUVE inquired of the Government:

1. Have the Government of Great Britain conferred with the Canadian Government with regard to the conditions of the recent agreement between the United Kingdom and the United States of America, particularly with regard to those which might directly or indirectly affect the preferences granted our country by the Ottawa agreements of 1932?

2. Have the Government given their approval to such conditions?

3. Have the Government made concessions at the request of Great Britain?

4. Have the Government made concessions at the request of the United States?

5. In considering such conditions or concessions, have the Government of Great Britain pointed out the importance of the United States of America as a military ally?

Hon. Mr. DANDURAND: The answer to this question is fairly long; so I shall simply place it on Hansard.

1. The arrangements agreed upon between the Government of Canada and the Government of the United Kingdom in respect of such modifications of the Canada-United Kingdom Trade Agreement as were required to permit the conclusion of their respective trade agreements with the United States of America are set forth in the exchange of letters on November 16, 1933, between the High Commissioner for the United Kingdom and the Secretary of State for External Affairs which was tabled as an annexed document to the Canada-United States Trade Agreement.

2. Answered by No. 1.

3. All trade agreements involve reciprocal concessions and undertakings by the parties to the negotiations.

4. Answered by No. 3.

5. No.

CANADA'S PARTICIPATION IN WAR INQUIRY

Hon. Mr. SAUVE inquired of the Government:

1. Has Canada ever participated in a war outside her frontiers without the Government having beforehand been authorized to that effect by Parliament?

2. If so, in what year?

3. In what year did Canada participate in a war for the first time with the authorization of Parliament? How many times subsequently?

Hon. Mr. DANDURAND: The answer to this inquiry also will appear in Hansard.

1, 2, and 3. Armed forces raised by the Canadian Government have participated in operations against the opposing belligerents in the theatre or theatres of war in the South African War of 1899-1902 and in the European War of 1914-1918.

On October 31, 1899, volunteer forces raised by the Canadian Government were despatched from Canada and took part in the field operations of the South African War. This action was taken under the authority of an Order in Council of October 14, 1899. Subsequent Orders in Council of November 4, 1899, and January 5, 1900, authorized expenditures, by way of Governor General's warrants, for "sending the contingents of Canadian volunteers to South Africa, or in connection therewith." At the next session of Parliament, which opened on February 1, 1900, these appropriations and the expenditures thereunder were ratified and confirmed, and the persons concerned were indemnified from liability, by "An Act to provide for the expenses of the Canadian volunteers serving Her Majesty in South Africa," assented to April 4, 1900.

From August 1, 1914, at the outbreak of the European War, the Canadian Government took various measures, naval, military and civil, in anticipation of or consequent upon the belligerent status of Canada. These measures, taken under the authority of Orders in Council and otherwise, were ratified by Parliament by the War Measures Act, 1914; and the War Appropriation Act, 1914, authorized expenditures for "the defence and security of Canada," for "the conduct of naval and military operations in or beyond Canada," and for other purposes in consequence of the existence of the state of war—both Acts being assented to on August 22, 1914. The first contingent of the Canadian Expeditionary Force sailed from Canada on October 3, 1914.

YOUTH TRAINING MOVEMENT QUESTION OF PRIVILEGE

On the Orders of the Day:

Right Hon. ARTHUR MEIGHEN: Honourable members, a Minister of the Crown yesterday called in question certain statements I made in this House, and although his attention had previously been directed to the fact that to do so was contrary to the rules of the Chamber in which he spoke, he proceeded to rebuke me. I deem it my right and my duty under the circumstances to refer to what he said and to what I said, and to leave the House to judge whether he was within his rights in the attack he made upon me.

Hon. Mr. DANDURAND: I doubt very much that it is an attack; in fact, if I had had the statement I would have made it here in order to allow my right honourable friend to answer.

Right Hon. Mr. MEIGHEN: My honourable friend would not have made the statement which was made. He is not that type of man.

The statement was this—

Hon. Mr. MURDOCK: What page, please?

Right Hon. Mr. MEIGHEN: Page 2083.

I want to take exception to what was said by the leader of the opposition in the other House a few days ago with respect to the youth training programme.

Then the interruption took place on the point of order, but he proceeded:

At all events it has been stated by one who ought to know better, regardless of where he now is, that out of those receiving training under the youth training programme only twenty-five were actually placed in employment. I want to make it clear that the reference as it appeared in the record was confined to the province of Quebec; but I hold in my hand an article appearing in the Vancouver Sun which makes no reference to this placement of twenty-five persons as having occurred within any single province. The suggestion is, and there must have been some warrant for it, that this was an indictment of the entire youth training programme. As a matter of fact under that national programme some 3,282 were placed in employment, which is a very different story from 25.

It does seem to me, reverting to what I said in the beginning in regard to carelessness in the presentation of information of this kind, that those who hold positions of high authority as elder statesmen ought at least to take the trouble to ascertain the facts before they make statements of this kind.

I now read the statement I made.

Hon. Mr. DANDURAND: Will my right honourable friend allow me? I had read, not the official report of the speech in the

other House, but simply a press report, as to the figures being somewhat different from those given by my right honourable friend.

Right Hon. Mr. MEIGHEN: After having in a very brief way referred to the youth training movement and the enticing character of the literature in its support, I expressed my disappointment when I came to the figures. Then the only words of mine that are pertinent, words that are in no way qualified or affected by anything else I said, are at page 62 of the Debates of the Senate:

In my honourable friend's province—

I was referring to the honourable leader of the House (Hon. Mr. Dandurand).

—the numbers trained ran into the thousands—I cannot be certain of the number of thousands. Will anyone attempt to guess how many of those trained got positions? If honourable members can stand the shock, I will tell them. There were twenty-five!

It will be noted that at the time I did not state the number of thousands. I now come to the figures, which are given in a pamphlet entitled "Training Canada's Young Unemployed," published by the Department of Labour. This is the publication I was referring to. On page 24 honourable members will find a statement as to the number of persons in every province who were given training. I mentioned only the province of Quebec, for which the figures are as follows:

Given training:	
Men..	13,542
Women..	6,853
<hr/>	
Total..	20,395
Found Employment:	
Men..	25
Women..	None

I call attention only to the fact that the Minister, after acknowledging, as he was compelled to do, that my words referred to Quebec alone, sought by indirection to lay upon me responsibility for an error which he asserted was made by the Vancouver Sun, and thereafter proceeded to indict me as one who made public statements irrespective of truth. I use the most moderate of language: his conduct was far from creditable.

PRIVATE BILLS
SECOND READING

Hon. J. H. KING moved the second reading of Bill J, an Act to amend an Act to incorporate the Royal College of Physicians and Surgeons of Canada.

He said: Honourable senators, may I be allowed to make a few remarks in explanation of this Bill. The Royal College of Physicians

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and Surgeons was instituted by a statute passed in 1929. Under subsection 2 of section 8 the qualifications for a candidate wishing to take examinations and become a fellow of the college were set out. He was required to be a graduate of not less than three years' standing of a medical school or university approved by the Medical Council of Canada. Section 2 of this Bill extends eligibility to licentiates of the Medical Council.

The second is the important section. For some time medical men throughout Canada have felt that those desiring to become specialists in their profession should be given an opportunity of taking an examination to prove their qualifications to practise their specialty. Heretofore, many of our men who engage in special practice have had to go abroad to secure diplomas certifying that they had demonstrated their proficiency by passing certain examinations. It is proposed by the various medical councils of the provinces that such examinations should be conducted by the Royal College of Physicians and Surgeons. The college has no teaching staff and does not confer degrees.

The next section provides for the holding of examinations and the granting of special certificates.

Hon. W. A. GRIESBACH: Is the college nation-wide in its scope, and is it accepted by its members as representative of the medical profession? My information is not quite definite in this regard. Are all physicians and surgeons members of this institution, or is it supported by certain individuals in each province? In a word, what sort of body is it?

Hon. Mr. KING: As I have said, the college was incorporated by statute in 1929. Subsection 2 of section 8 of the Act of incorporation provides:

All candidates wishing to be examined in either the English or the French language, for fellowship in the College shall be graduates of not less than three years' standing of a Medical School or University approved by the Council, and shall hold licence to practise medicine in at least one of the provinces of Canada.

It is desired to repeal this subsection and substitute for it subsection 2 as set out in the Bill.

Hon. Mr. GRIESBACH: Can the honourable member state off-hand the number of fellows of the college and from what provinces they come?

Hon. Mr. KING: I have a long list here. I should say that at the present time there are about five or six hundred fellows from all

over Canada; for instance, I notice they come from Manitoba, British Columbia, Quebec, New Brunswick.

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

SECOND READING

Hon. J. H. KING moved the second reading of Bill K, an Act to incorporate the Board of American Missions of the United Lutheran Church in America (Canada).

He said: Briefly, the objects of the corporation are to carry on in the Dominion of Canada the Home Mission and Church Extension work of the United Lutheran Church in America.

The construction of churches and parsonages in Canada has been financed to a large extent by loans to the various congregations from the Board of American Missions of the United Lutheran Church in America (one of the constituent administrative boards of the United Lutheran Church in America), and the moneys so advanced have been secured by mortgages on the various church properties in Canada, held in part by individuals in trust for the American Mission Board. This is an unsatisfactory arrangement, and the incorporation of the new body will enable these mortgages to be made direct to the new corporation, which will, of course, require mortmain licences in the various provinces.

In addition it is contemplated that the new Canadian corporation will enable the Church to gather together all its work in the Dominion of Canada and will make it possible, if and when occasion arises in the future, to transfer the administration of the Church in Canada from American to Canadian citizens by replacing the American citizens on the board with Canadian citizens.

Right Hon. ARTHUR MEIGHEN: Honourable senators, I should like to have been able to study this Bill more thoroughly than I have done. It seems to me extraordinary in some particulars. It appears there is in the United States a corporation known as the Board of American Missions of the United Lutheran Church in America, and the members of that board—apparently at least—are those who apply for this charter. The members of the executive committee are specifically named in clause 1, and are declared, by this and by a subsequent clause as well, to be directors of the corporation in Canada. I speak subject to correction, but I know of no instance of Parliament having ever incorporated a Canadian company without a single Canadian citizen or British subject being a director of the company.

Hon. Mr. MURDOCK: One of the members lives in Kitchener; the last-named on the list.

Right Hon. Mr. MEIGHEN: Oh, yes; the Rev. John Schmieder, of Kitchener, Ontario.

Section 3 reads as follows:

The affairs of the corporation shall be managed by a board of directors consisting of not more than twenty-one members who shall be appointed by the American corporation at such time and place and in such manner as said American corporation may from time to time determine and who shall hold office during the pleasure of the American corporation.

So, even though at the present time there may be one Canadian in the corporation, and though possibly, not certainly, by the second sentence of clause 3, he may be included in those constituting the first board of directors, he might be removed immediately, and thereafter the American board could appoint directors for all time.

Hon. Mr. KING: They indicate in their brief to me that that is not their intention.

Right Hon. Mr. MEIGHEN: That may be so, but Parliament does not know their intention. We are granting an American corporation rights to direct the affairs of a Canadian corporation for all time.

Then in the body of the Bill rights are granted in respect of real estate; rights which I think are extraordinary, though I speak with some reservation. It is true that by section 7 one of the purposes of the acquirement and enjoyment of such property by the corporation will be educational or eleemosynary, but they may also invest their money in Canada, and they may acquire real estate or other property and dispose of it as they wish. Even rights in mortmain are, by section 10, altered to comply with the requirements of this corporation.

I ask the members of the Committee on Miscellaneous Private Bills to scrutinize very carefully the sections of this Bill. I do hope they will obtain the advice of Parliamentary Counsel. I have not been able to see him on the subject at all. I think the greatest care should be taken before the Bill is passed.

Hon. Mr. DANDURAND: I am glad the right honourable gentleman (Right Hon. Mr. Meighen) has drawn the attention of members of the committee to the points which he deems should be very carefully considered. I am not in a position at the moment to give an opinion on the number of Canadians required on a board of directors, and their tenure of office, but our Parliamentary Counsel can advise the committee on the matter.

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

DIVORCE BILLS

SECOND READINGS

On motion of Hon. Mr. Copp, for Hon. Mr. Robinson, Chairman of the Committee on Divorce, the following Bills were severally read the second time:

Bill L, an Act for the relief of Gertrude Saul Baker.

Bill M, an Act for the relief of Mary Frances Todd Lister Cardwell.

Bill N, an Act for the relief of Herbert John Butler.

Bill O, an Act for the relief of Anna Lasnier Blain.

Bill P, an Act for the relief of Annie March Breakey Coburn.

Bill Q, an Act for the relief of Mabel Gertrude Marks Lamoureux.

FIRST READINGS

Hon. Mr. COPP, for Hon. Mr. Robinson, Chairman of the Committee on Divorce, presented the following Bills, which were severally read the first time:

Bill R, an Act for the relief of Earl Keith Drennan.

Bill S, an Act for the relief of Per Ernst Martinsson.

The Senate adjourned until Tuesday, March 21, at 8 p.m.

THE SENATE

Tuesday, March 21, 1939.

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

Prayers and routine proceedings.

PRIVATE BILL

FIRST READING

Bill T, an Act to incorporate the Association of Canadian Clubs.—Hon. Mr. Hugessen.

CIVIL SERVICE AND PERMANENT COMMISSIONS

ORDER FOR RETURN

On the notice by Hon. Mr. Lynch-Staunton:

That he will inquire of the Government:

1. What additions, if any, have been made to the personnel of the civil service of Canada in each year since the 31st of December, 1930?

2. What is the number added to, let out, retired or dismissed from each department of the Government in the years 1930, 1931, 1932, 1933, 1934, 1935, 1936, 1937, 1938?

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3. By how much, if anything, was the cost of operating each of the different departments of the Government increased during each of the said years?

4. How many, if any, permanent commissions were created during the said years?

5. What has been the annual cost of each commission so created in each of the said years?

6. What is the total number of persons now employed in said permanent commissions?

Hon. Mr. DANDURAND: I would ask that the honourable gentleman transform this inquiry into a motion for a return. At the same time I would suggest that instead of making use of the calendar year he adopt the fiscal year. I understand that he is satisfied with that amendment.

The motion was agreed to.

NATIONAL FILM BILL

FIRST READING

Bill 35, an Act to create the National Film Board.—Hon. Mr. Dandurand.

MOTION FOR SECOND READING

Hon. Mr. DANDURAND: With the leave of my right honourable friend (Right Hon. Mr. Meighen) and of the Senate, I would ask that we consider the second reading of this Bill now, so that if it meets with the favour of the Senate it may go to Committee of the Whole to-morrow. The Bill has been distributed. I move second reading.

Right Hon. ARTHUR MEIGHEN: Honourable members, the examination I have been able to give this Bill has been of the most cursory kind, because I have been sitting in the Special Committee on Railways all day. From what I have seen of the measure, not only do I not like it, but it seems to me to be a continuation in aggravated form of the course pursued in this country, in some degree under all governments, but in a most appalling degree under this Government, of appointing more public officials and creating a more and more extensive and expensive bureaucracy for every imaginable thing that has to be done. I gather from this Bill that—

Hon. Mr. DANDURAND: I am very sorry to interrupt, but I thought my right honourable friend would allow me to explain the Bill first.

Right Hon. Mr. MEIGHEN: I thought my honourable friend was not going to explain it. I shall be only too glad to have him explain. I am happy that I am not required to explain it myself.

Hon. Mr. DANDURAND: It is only with my right honourable friend's good will that I may proceed.

Right Hon. Mr. MEIGHEN: All right.

Hon. Mr. DANDURAND: If honourable members will read the explanatory note opposite the first page of the Bill itself, they will see the full purport of this proposed legislation. The note says:

The purpose of the Bill is to co-ordinate the film activities of the various government departments, with a view to securing quality, economy and efficiency in the production and distribution of government films.

It is proposed to establish a board of eight members, with the Minister of Trade and Commerce as chairman, another member of the Government, three members selected from persons outside the permanent civil service and three members of the permanent civil service.

The chief executive officer will be a commissioner, who, under the direction of the board, will supervise and direct government film activities. He will be the only additional paid official.

An advisory committee, comprising a representative of each department engaged in film activities, will also be appointed, under the chairmanship of the commissioner. Its main concern will be the organization of a central government film distribution and public information service. There will be no interference with commercial film organizations.

The Canadian Government Motion Picture Bureau will remain under the Department of Trade and Commerce and will be the depository of all government films which are to be distributed by the central government film distribution service.

As honourable senators know, moving pictures have become an important factor in our social life and are second only to the radio in popular appeal. They have already largely supplanted the theatre. The films produced by our Motion Picture Bureau, informative, educational and recreative, are used mainly for publicity purposes.

The bureau has been in operation for some years and is under the direction of the Department of Trade and Commerce. It is well equipped and well manned, and is doing excellent work. Five or six other government departments have similar branches, but they have very little equipment of any value. Sometimes they use the films produced by the bureau, but mostly they supply their needs through private sources. It is the purpose of this Bill to co-ordinate these various activities, thus preventing overlapping. At present each department is self-contained and does not know what is going on in other departments. The Bill provides that all requests for films shall be approved by the National Film Board. As I have said, the board will be composed of eight members, including two Ministers, the chairman being the Minister of Trade and Commerce, three

civil service officials, and three outsiders. It goes without saying that the two Ministers and the three officials will cost the country nothing as members of the board. Two of the outsiders may be selected as representative of the press, the radio, or the universities, and there will probably be a motion picture specialist.

The duties of the board and of its executive officers are to be found in clauses 6 and 9. Clause 6 reads:

The Board shall discharge such duties as the Governor in Council may request it to undertake, and particularly, without limiting the generality of the foregoing, review Government film activities and advise the Governor in Council in connection therewith.

Clause 9 will give honourable members an idea of what is expected of the commissioner. I will read the section:

The Commissioner in carrying out the duties imposed upon him by this Act shall at all times be under and subject to the directions of the Board and shall

(a) advise upon the making and distribution of national films designed to help Canadians in all parts of Canada to understand the ways of living and the problems of Canadians in other parts;

(b) co-ordinate national and departmental film activities in consultation with the Board and the several departments and branches of Government work;

(c) advise as to methods of securing quality, economy, efficiency and effective co-operation in the production, distribution and exhibition of Government films;

(d) advise upon and approve production, distribution and exhibition contracts and agreements in connection with film activities of the several departments of the Government and, in respect of these, act as intermediary between such departments and the Bureau and between such departments and commercial firms;

(e) advise upon all departmental expenditures in the production, distribution and exhibition of films;

(f) represent the Board in its relations with commercial newsreel and non-commercial film organizations;

(g) advise as to the distribution of Government films in other countries;

(h) co-ordinate and develop information services in connection with Government film activities.

There will be also an interdepartmental committee as provided by section 13.

The section reads:

(1) There shall be a committee, hereinafter called "the Committee," which shall consist of the Commissioner, the Director, and one representative of each Government department engaged in film activities, to be appointed by the Board, on the recommendation of such departments.

(2) Members of the Committee other than the Commissioner shall be departmental officers directly interested in the production and distribution of departmental films.

(3) The duties of the Committee shall be to advise the Director in the development of a central Government film distribution service and a public information service in regard thereto.

(4) The Commissioner shall be the Chairman of the Committee and it will report through him to the Board.

(5) No fees or emoluments of any kind shall be payable to or received by any member of the Committee in connection with services rendered as such member, but members shall be paid actual travelling and living expenses necessarily incurred in connection with the business of the Committee.

The bureau will see to the distribution, both in Canada and abroad, of films that are under its control, and it may prepare films to increase the knowledge abroad of the resources and possibilities of our country, as well as films for the instruction of our own people and the cultural development of children and students. National films appealing to Canada at large will be different from the departmental films at present prepared, which concern only the activities of a department.

I would say that the National Film Board will be the initiator of ideas to be carried out by the Motion Picture Bureau, which will continue to be a productive factor.

My right honourable friend has indicated that this is one of those formulas which have become somewhat popular in governmental activities, under his own Government as well as under the one in which I have a certain responsibility. It may be that there are boards whose usefulness may be contested, but that does not mean that all are in that class, or that one proposal by itself may not stand the test of examination and criticism by members of Parliament. Notwithstanding the fear expressed by my right honourable friend, this board—of which the commissioner and his secretary will be the only paid officials—comes, I think, at a proper time in the administration of the country and its general activities. We must all realize that there are modern inventions which are of considerable importance. Here are motion pictures which will play an important role throughout the world in advertising Canada, its products, its activities, and its scenic beauties. Films will be distributed in many countries for the purpose of creating a favourable impression of Canada and Canadian goods.

Heretofore we have had a Government Motion Picture Bureau under the Department of Trade and Commerce. Other departments also have been using films for their own benefit. It is thought that the time has come when, in the general interest of Canada, the work of various departments in this field

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should be co-ordinated under a national bureau. I feel that there is a place for the creation of such an institution as is proposed in this Bill. If my right honourable friend will simply bear in mind the possibilities of development in this sphere, he will, I think, admit that the Bill is well prepared and well balanced, that what is proposed will not be costly, and that it will bring together all those departments that are interested in film production.

My right honourable friend may ask, "What have we spent on the Motion Picture Bureau in the Department of Trade and Commerce? What shall we spend in the future? Will not this organization develop considerably? What will it become? Such an organization generally starts with the chief of the branch and a secretary, but a few years later we find them surrounded by a large staff." Such, of course, is possible, and no doubt it has occurred. If my right honourable friend were to ask me what the effect of the Bill would be, I should say it would have the effect of preventing overlapping. If he were to ask me to guarantee that there should be no increase in the vote for this work, I would refrain, because it may become necessary to do some things which would make an increase unavoidable.

In view of the role which films now play throughout the world, I am convinced that we should put our house in order and prepare to take advantage of the development of this invention. If my honourable friend from Montarville (Hon. Mr. Beaubien) were here, he could tell of what he saw in going from town to town in France and Belgium, and could speak of the important part played by films which were displayed in the public squares. Canada is making use of films to a considerable extent, as I shall be able to show to-morrow if the Bill gets its second reading to-night, and I am convinced that this is an activity which will develop more and more.

Under these circumstances I have no hesitancy in saying that I believe this is good legislation. One must have a forward outlook and must think of what Canada stands for. We should realize the possibilities of this method of bringing about a better understanding among the various provinces and the various peoples who inhabit this country. Through this organization the work will be carried along on scientific lines and without overlapping, not only in Canada, but also in other countries of the world.

Right Hon. ARTHUR MEIGHEN: Honourable members, I think I can banish from my mind the prejudice I have against motion pictures and can discuss the Bill as if that

prejudice had never existed. Nothing so irritates me as to see a motion picture, though better people than I like them, and I do not doubt that they occupy a considerable place in the interest of the world at the present time.

I am opposed to this Bill. I am opposed to the whole tendency of which the Bill is a part. I question very much that in foreign lands these films are so important to Canada as the Minister depicts them. What I protest against most is this: the Government seem to be of opinion that just as soon as they are able to show that something is worth producing, then it is the business of the Government to produce it. How does this follow? If it is the business of the Government to go into film production, why not go into automobile production? Automobiles are worth producing too.

Hon. Mr. DANDURAND: Not for the same end.

Hon. Mr. PARENT: Not for educational purposes.

Right Hon. Mr. MEIGHEN: No, but they are worth producing for many purposes. The Government could produce fine automobiles and have men rolling around in them over the continent of Europe for the advertisement of Canada. The same argument could be advanced as is advanced in favour of the Government going into the film business. I do not know a single person in the film production business, and I am not eager to, because I have no interest in that business. That films are worth producing does not mean that the Government ought to be producing them. There will not be only one department interested in the production of films. Here, there and everywhere you will see departments trying to expand themselves by this means. It is the same old tendency all the time. Get a department going and it struggles day in and day out, year in and year out, to add to the scope of its operations, therefore to the importance of the officials at the head, and therefore to the number of jobs. A weak government never resist this process. So we find in the tables published yesterday, I think, that 6,800 employees were added to the civil service roll last year. These things are all evidences of the weakness and imbecility of the Government.

Hon. Mr. DANDURAND: Not if these activities are justified.

Right Hon. Mr. MEIGHEN: The Government are being run by their officials. Can things not be done except by government production? If we want to advertise

Canada abroad—and I do not think that is a very important objective, for it ranks seventh or eighth in the list of rather laboriously produced objectives of the new board—is this the best way to do it? The first objective of the board is to:

(a) advise . . .

How familiar this language is! Honourable members will please listen and each say to himself: "Where did I hear that before, or something just like it? Is this not just the same chorus we heard very recently in another bill?" The first objective is to:

(a) advise upon the making and distribution of national films designed to help Canadians in all parts of Canada to understand the ways of living and the problems of Canadians in other parts.

Well, I was not aware that it was necessary to see films in order to get that understanding into one's head. I cannot see how my troubles could be pictured in a film. I know many people—I do not like to be personal, and perhaps that is the only reason why I would not class myself among them—who would have to be pictured at the foot of a banker, asking for a renewal of a note. How are the problems of any section to be depicted to another section by a film? Honourable members who attend film showings regularly may be able to tell. And even if it can be done, for the life of me I cannot see why that is an essential public service. We know that the West is having a hard time, mainly because of drought. It has been going through not only a hard time, but as distressing and prolonged a period of severe suffering as ever any land has known. Do we need motion pictures to tell us that?

And does the West need picture films to tell of the problems of the East? Thousands are marching our streets without work; our doors are bombarded daily by young, bright fellows who cannot get anything to do and who seek a meal. Do we need films to let the West know that that is the truth? I should like a film or something to make clear in the West, in the East and in all parts of the country that the reason why people are tramping our streets, begging us for nickels, bombarding our doors in continuously increasing numbers, is that private enterprise is stagnant. And one contributing cause is that we have too many bills like this, which heap up the tax burden until people are so discouraged that they will invest in nothing but Government bonds, feeling that there is nothing else in which, if they invest their money, they will not lose out. By that process the number of unemployed is being multiplied all the time.

This is just another product of weakness in administration. We started this film business back in 1932, as far as I remember. This Government were not in office then. Perhaps we were in the business before that.

Hon. Mr. CALDER: Oh, yes.

Right Hon. Mr. MEIGHEN: I am told I am wrong. I was too generous to the Administration. No doubt they were in office when the film business was started.

Hon. Mr. DANDURAND: It may be my right honourable friend's child, for all he knows.

Hon. Mr. CALDER: Sir George Foster had a lot to do with it.

Right Hon. Mr. MEIGHEN: I did not start this business. And if I had my life to live over again, no government that I was in would start half of what they did start. But I know that in 1932-33 our vote was \$45,000, and last year it was \$150,000. That shows how the thing has been growing.

Hon. Mr. DANDURAND: But it is not on the same basis.

Right Hon. Mr. MEIGHEN: Maybe not. It is just in the one department, Trade and Commerce, but other departments are looking on with envious eyes, watching that one grow big by the making of films. They want to do the same thing, and they start in; and the Government have not the strength to put through an Order in Council establishing this industry, if the industry has to exist, in one department. So they come here and ask us to put through a Bill, to build up another board and appoint another commissioner. I suppose that two or three sessions from now this commissioner will be expanded into two or three commissioners. The Government are not strong enough to pass an Order in Council and restrict film production to one department; so they want a board to act as an intermediary for the various departments. In a word, duplication is to be changed into triplication, and thus, we are told, money is to be saved and efficiency promoted. They want a board to "co-ordinate" — magnificent word! — all the different film-producing facilities, and to advise here, there and everywhere. I ask honourable members to look over the list of duties of this proposed board and observe how often the giving of advice is included. I have already read the first clause in this list of duties, and I will proceed with the others:

(b) co-ordinate national and departmental film activities in consultation with the board and the several departments and branches of government work;

(c) advise as to methods of securing quality, economy, efficiency and effective co-operation—

Right Hon. Mr. MEIGHEN.

Where have I heard that before?

—in the production, distribution and exhibition of government films;

(d) advise upon and approve production, distribution and exhibition contracts and agreements in connection with film activities of the several departments of the Government and, in respect of these, act as intermediary between such departments and the bureau and between such departments and commercial firms;

(e) advise—

There is that word again.

—upon all departmental expenditures in the production, distribution and exhibition of films;

(f) represent the board in its relations with commercial newsreel and non-commercial film organizations.

That is six duties I have read.

Hon. Mr. DANDURAND: There are two more.

Right Hon. Mr. MEIGHEN: There is only one among those I have read which even indicates what the people of the country are going to get out of this.

Hon. Mr. DANDURAND: If you will read the last two clauses—

Right Hon. Mr. MEIGHEN: I am going to read them in a minute. Only the first clause, so far, has given us any objective. The purpose of all this expenditure and new bureaucracy is to see that Canadians in the East understand Canadians in the West, or that the people of Quebec understand the people of Ontario—as if they already did not.

Then there is another objective:

(g) advise as to the distribution of Government films in other countries.

I could conceive of some value in the distribution of films as regards Canada in other countries—for I suppose people abroad attend showings as Canadians do—if Canada were in the advertising business for any purpose which advertising can serve. One could understand the use of films to draw attention to this country and direct people here if, for instance, Canada were seeking immigrants. Maybe she ought to be, but I know she is not, for there is nothing more difficult than to get past our immigration walls. I am not discussing the merits of the existing policy now. On that matter I differ with some persons with whom I am very friendly. But, as we all know, we are not seeking immigrants from anywhere; we are placing almost every possible obstacle in the way of anyone's coming here. We seem to think that this ought to be a close preserve for ourselves—"We, Us and Company"—through all eternity—and without much necessity of defence on our part either. In these circumstances, what good can films do? What practical object is

served by this advertising? Are the merits of Canadian goods, as contrasted with foreign goods, advertisable by films? No film that I ever saw—I have seen only about four—would be of any use.

Hon. Mr. PARENT: You cannot judge from four.

Right Hon. Mr. MEIGHEN: Can anybody imagine how a film would show that a Canadian product is superior to another product, or that a Canadian product sells cheaper? It may be lack of imagination on my part, but I cannot see how a film is able to serve that purpose. Consequently I do not know what in the world is the practical purpose of these film exhibitions in other lands. I could see the value in having our films abroad if we had a virile immigration policy, but so long as we have no such policy I think the distribution of films abroad is a waste of money.

On the board there are to be two Ministers, who are to have special functions for this purpose. The likely result will be sooner or later an extra Minister in the Cabinet. Three members of the board are to be brought from outside, and there will be added three civil servants. That is a board of eight, plus the commissioner. The leader of the Government says members of the board are not to be paid. I see that in the Bill. But have we not had experience of men who receive no pay being more expensive than those who are paid? I think I could indicate instances where such has been the case. I cannot imagine men taking honorary positions for the sake of the proud satisfaction of serving a struggling nation by superintending its films. The work of this board would not be of a kind from which a man would get some satisfaction for volunteering his services, for the board is not one that would obviously be of any help in a crisis. Why are those men going on the board if they do not expect to get something for their services? Remember, I am not saying men will not work for the country for nothing; they will. But I cannot imagine why anybody would go on the film board with three civil servants for the honour in it. You will have to pay the expense of bringing these people from the ends of the country, and your outlays of various kinds for secretaries and other employees will add considerably to taxation. In addition you will have this film commissioner. Worst of all, you will have laid the foundation for a superstructure which will rise just as surely as the sun will rise to-morrow morning, and by the raising of such superstructures in this, that and the other field you add to the great mountain of taxation that to-day is crushing

the life out of this country. I am surprised that the head of the Department of Trade and Commerce, ordinarily a practical man—more practical, I think, than a Cabinet Minister usually is—is yielding to this impotency. If the Government are bound to be in this business, all they have to do is issue an Order in Council directing that it be carried on in one department by servants of this country already paid, and well paid. I suggest a still better course. If we have to use films—though for the life of me I cannot see any sufficient purpose to be served by so doing—we can get them the way the Government get anything else, by tender and contract. Let the Government attend to their own affairs, and let business attend to the affairs of industry.

Hon. A. D. McRAE: Honourable senators, I am entirely in accord with the views expressed by the right honourable leader on this side (Right Hon. Mr. Meighen). I can speak with some knowledge of film production, for in the latter years of the war, as Director of Organization, I was connected with the preparation of war films. From the experience I then gained I say advisedly that this is a very technical business. If honourable members entertain any doubts on that point, it is only necessary to recall the salaries paid and the other expenses incurred by the film business of America. Our war films were not very successful, and they certainly involved us in a world of trouble. We did not know very much about the film business, and I take it the commission which it is proposed to appoint will be equally unfamiliar with its complexities. The Bill provides for the appointment of a commissioner, to be known as the Government Film Commissioner. I doubt if you could get a competent commissioner under a salary of \$25,000. On the other hand, you might get a man for \$3,000. He will have to have a staff to assist him. As the right honourable leader on this side has pointed out, all these institutions have a tendency to grow. The importance of departments is gauged by the number of their staffs. It is always a struggle to keep staffs down, for of course the man in charge is interested in enlarging his department, and thereby increasing his own importance, with the probability of securing larger compensation. The right honourable gentleman has not exaggerated at all in picturing the growth which you may well expect if you establish a commission for film production. That is about the last thing the Government should undertake. There is no industry more technical.

Hon. Mr. CALDER: The Government have been in it for years.

Hon. Mr. McRAE: Well, they have made no very great success of it, and the fact that the Government have been in the business for years is no reason why they should continue in it if it has not proved successful. I have no doubt that you would get better results by buying what films you want.

Hon. Mr. CALDER: It might cost more.

Hon. Mr. McRAE: It would cost a great deal less. I fear that if the proposed commission is established it will keep the Film Commissioner busy producing at great expense a lot of stuff the country does not need. I appreciate the necessity of co-ordinating the departments. But why add three outside men to a commission which is to do purely interdepartmental work? Unless they have been engaged in film production they will have no particular qualification for the work. We shall have to pay for that inexperience. I think before proceeding further the Government should seriously consider the needless expense which will be incurred in setting up the proposed commission. From the little experience I have had in film production I am sure that the right honourable leader on this side has not exaggerated the situation in the least.

Hon. G. LACASSE: Honourable members, I have a few facts to present which, I think, will demonstrate that some of the points of view expressed by the right honourable leader opposite (Right Hon. Mr. Meighen) are, to say the least, a wee bit exaggerated. I am prepared to accept many of his views on the unsoundness of Government interference with private enterprise.

What rallies me to the support of this Bill is its educational feature. I do not think my honourable leader (Hon. Mr. Dandurand) exaggerated at all when he emphasized the value, from the standpoint of education at home and abroad, of the film production now being carried on in various Government departments.

If in the past more publicity had been given the Dominion through the distribution of educational films, a most prominent and well-educated lady of the United States, for instance, would not have referred to the right honourable leader opposite when he was in the city of Windsor, at a time she herself happened to be visiting Detroit, as "the Mayor of Canada." As a Canadian I resented such ignorance of my country. Respect for the lady's feelings precludes my mentioning her name. Now I do not wish to disparage any province, but it is quite likely that had

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there been a wider distribution of educational films throughout the Dominion, certain visitors from British Columbia would not have been surprised a few months ago, when they visited the province of Quebec, to find that the province by the St. Lawrence was "overrun with foreigners who could not even speak the language of the country." These incidents may sound incredible, but they really happened.

The very fact that this Bill was introduced in the other House by the head of the Department of Trade and Commerce, a Minister whom the right honourable gentleman opposite described a moment ago as a most practical man, implies that one of the purposes of co-ordinating film production and distribution abroad is to promote the export trade of Canada.

I infer from my right honourable friend's remarks en passant, that he is against any policy of intensive immigration at the present time, and I am glad to register his views in that respect.

May I remind the House that, should we look for a precedent regarding departmental film production, we readily find one in one of our greatest enterprises, which has been actively using such means to promote and stimulate colonization: I mean the Canadian National Railways. Our Government transportation system has a well-organized department for that purpose. And I fail to remember one single occasion when that initiative was censured by my right honourable friend or anybody else.

Supplementing what I have already said about how unfamiliar with this country some of our outside friends, even in the neighbouring republic, appear to be, I may add that many American tourists when they enter Canada at the port of Windsor, in late afternoon, ask the immigration officer whether they can go to Callander and see the Quints and be back in Windsor in time for supper. As we know, prejudice and suspicion are founded on ignorance, and in my opinion the work of the proposed National Film Board will be of great educational value in making known to Americans and others the tourist attractions and industrial advantages of the Dominion, and will at the same time contribute to promote a spirit of greater unity among our own people by increasing their knowledge of Canada, stimulating their love for her institutions and strengthening their confidence in her great possibilities.

Hon. J. A. CALDER: Honourable senators, I understand it is intended to refer this Bill to Committee of the Whole House. I

doubt very much whether that is advisable. I feel quite confident that very few members, including myself, understand how far Government departments are engaged in the film business. I have only a faint recollection of what happened some years ago, but I recall some of the discussions that then took place, and the results. Sir George Foster was very much interested in the film business of the Department of Trade and Commerce of those days. I cannot recall what happened in the way of consolidation, but I am certain something did take place along that line. This Bill indicates there is a film branch in several departments of the Government service, and those branches are in operation at the present time.

Hon. Mr. DANDURAND: I would not call them branches. They have been using films procured from outside.

Hon. Mr. CALDER: Yes; but the departments will call them branches, and there will be certain officials set aside to attend to their business. I doubt very much whether we can deal with this Bill properly unless we have the officials of those departments before us, so we may ascertain just what is going on, what it costs, and what they propose to do. Suppose we throw this Bill into Committee of the Whole to-morrow. What do we know about the subject-matter? Nothing. Not a member of this House knows anything about what is taking place at the present time, nor what it costs. I think the first duty of honourable members is to find out what is being done, what this proposed co-ordination involves, and what the expenditure is to be. The interpretation clause defines "Director." It means the Director of the Government Motion Picture Bureau. That bureau exists now, it is in the Department of Trade and Commerce, and, if I am not mistaken, it has for some time been carrying on film work for other departments.

I repeat, I doubt very much the advisability of our dealing with this proposed legislation until we know a great deal more about it, and that information can only be obtained from members of the civil service who are at present carrying on this work in the various departments.

Hon. C. MacARTHUR: Honourable members, I have listened with interest to what has been said by the right honourable gentleman on the other side (Right Hon. Mr. Meighen) and the honourable senator from Vancouver (Hon. Mr. McRae). I am not surprised at the objections of the right honourable gentleman, for it seems that recently he has regarded any bill coming from the other House as

ridiculous, futile, and lacking merit. But I am surprised to hear the honourable member from Vancouver object to the Bill. I thought he was a gentleman of progressive views. The right honourable leader on the other side paid, unconsciously, I think, a great compliment to the Minister of Trade and Commerce, who, as we all know, is a hard-headed business man and sizes things up before making a decision. Evidently the Minister thinks a Bill of this kind will benefit our country as a whole.

The right honourable gentleman has shown his strong antipathy to films, and to some extent I share that antipathy. But we have to reflect that we are living in times different from those of some twenty years ago, when he was looking after the affairs of this country. The world is moving forward and we are now in a new environment. I have been in many towns in the United States and in Europe, and of course I am thoroughly familiar with my own country, and I may say that those who go to moving picture houses like to see films depicting what is occurring in other countries. I enjoy some of them, even though there are many I do not care for at all. Now and then I receive considerable instruction through them.

I think the Bill can be amended so as to keep the cost down to a minimum. Do honourable senators realize that they themselves, and members of the other House, have voted a considerable sum for a tourist bureau. It is a great asset to the country, and even though its benefits may not be visible, it is getting results. This proposed organization will bring results too, if it is handled properly, as I believe it will be, under the direction of the Minister of Trade and Commerce. I think the Bill should be amended, perhaps, to cut down the cost. I cannot see why we should have to go outside of our own governmental officials.

The right honourable the leader opposite (Right Hon. Mr. Meighen) asks why the Government do not go into the automobile business. That is not a fair analogy at all. There is no danger of the Government going into that business. This film bureau is a publicity organization, not an industrial enterprise. The right honourable gentleman talks about immigrants. We are not wanting to encourage immigrants, but there are many people of different nationalities in this Canada of ours who have not yet become Canada-conscious, and I take it that one of the objects of this Bill is to bring about this national consciousness through showing something of the attractions and potentialities of the different provinces and the interchange of business between them. I know that we of

the Maritime Provinces visit other parts of Canada, and these pictures should help to bring about return visits. We cannot measure the value of this work in dollars and cents. The cost is going to be relatively small, and the Film Board will not be in competition with commercial film concerns.

A remark was made about tenders. I see nothing in the Bill to preclude tenders. If the Government want to get material for national educational work, there is nothing to prevent tenders, though I do not think that is the proper system.

When Their Majesties are visiting here, what an opportunity there will be to get films to send to the Old Country, and what an opportunity there will be for a display of films at the World's Fair in New York. I think this undertaking will pay for itself many times over, and that the nominal expense involved will be amply justified.

The right honourable gentleman (Right Hon. Mr. Meighen) asked, "Why stress the drought in the West?" We do not desire to stress the handicaps of this country; we want to soft-pedal them; but every country suffers from handicaps of some description.

Right Hon. Mr. MEIGHEN: What does paragraph (a) of clause 9 mean?

Hon. Mr. MacARTHUR: I am not referring to clause 9.

Right Hon. Mr. MEIGHEN: It says that the Commissioner shall

—advise upon the making and distribution of national films designed to help Canadians in all parts of Canada to understand the ways of living and the problems of Canadians in other parts.

The problem of the West is drought.

Hon. Mr. DANDURAND: My right honourable friend, with his pessimism, had better remain out of the film business.

Right Hon. Mr. MEIGHEN: Oh, I intend to stay out.

Hon. Mr. MacARTHUR: I do not know the clause the right honourable gentleman refers to. I am stating that we should soft-pedal the handicaps and stress the attractions. There is in every province some attraction that would draw tourists and visitors. I take it that this Film Board is simply ancillary to the tourist bureau, to which we vote large sums every year; and if it is under the direction of the Minister of Trade and Commerce, of whom my right honourable friend has such a high opinion, I do not think we need fear any disadvantages from the Bill.

Hon. Mr. MacARTHUR.

Hon. Mr. MURDOCK: I would move the adjournment of the debate to the next sitting of the House.

Hon. Mr. DANDURAND: There are honourable members who want to speak now; so we might hear from them.

Hon. DUNCAN MARSHALL: Honourable members, I have only a remark or two to make. First I would say I have very strong sympathy with the man who, when he came home and told his wife that the Browns had got back from Europe, added, "We had better call on them before they get their films developed." It gave me considerable satisfaction when we wiped out the Government film business altogether in the province of Ontario. We had a little Hollywood in Trenton, but we sold Hollywood and closed the business up, and I think the films are deposited in a room somewhere. The general opinion was that if any films went out from Canada they should be national films, and that Ontario should go out of the film business. It did so, and I do not think anybody missed it.

I am strongly in favour of the suggestion made by the honourable senator from Salt-coats (Hon. Mr. Calder) that this Bill should be referred not to Committee of the Whole, but to the Committee on Banking and Commerce, where the members can get evidence from the departments in regard to it.

From reading this Bill and from knowing something of the Minister who is in charge, it is my hope that he is trying to curtail the film business by getting it under one head instead of having it in five or six departments which are overlapping, and messing things up. I think that very good work can be done at very little expense, and I speak from the experience we had in Ontario. A number of departments there wanted to advertise themselves by sending out films. The situation became expensive and ridiculous, and I do not think the business paid dividends in any way whatsoever.

In a slow country like England they are ahead of us. They are using television to make the people in the towns and cities farm-conscious. I have pictures of my friend Arthur Street giving demonstrations of farming operations, and the conversations and discussions on those farm operations are produced in pictures and sound in homes which have receiving sets. This is done with a view to giving the people a better understanding of what farming means to the national set-up. So the Old Country, as the boy says, is a couple of jumps ahead of us.

I am very much in favour of this Bill going to the Committee on Banking and Commerce.

Hon. F. B. BLACK: Honourable senators, I must admit that I have not knowledge enough of this Bill to criticize it, even if I desired to do so; neither have I sufficient knowledge of the film activities of the Government to speak with any degree of intelligence at the present time on the Bill. I rise simply to endorse what has been said by the honourable senator from Peel (Hon. Mr. Marshall) and the honourable senator from Saltcoats (Hon. Mr. Calder). I think it would be enlightening to all of us to have this Bill referred to a committee where we could get some evidence with respect to the activities of the various branches of Government in this matter, and the cost pertaining thereto. Certainly I for one should have much more knowledge of the Bill and its use if I had that information. Therefore I want to endorse what has been said by the two senators who have preceded me.

Hon. JOHN HAIG: Has any honourable member of this House ever been in a theatre where they showed a picture, such as is to be produced by our department, of any other country in the world? The only film of this kind that is shown is News of the World, which runs for about five minutes. It is composed of news pictures that the younger people like to see—sporting events such as the skating in New York, Toronto or Switzerland, the curling bonspiel in Toronto, the baseball game in Chicago, or something of that nature.

Right Hon. Mr. MEIGHEN: And other problems of different parts of Canada.

Hon. Mr. HAIG: No; they do not show those. In fact, the Minister of Mines and Natural Resources prepared a picture on Riding Mountain National Park last year, and I think I am one of the few members of this House who went to the private showing. Even though it was in this building, I could see but one or two senators present on that occasion.

Hon. Mr. DUFF: You could not see them, because the lights were turned off.

Hon. Mr. HAIG: I saw the picture.

Hon. Mr. DUFF: But not the senators.

Hon. Mr. HAIG: I saw them before the picture started.

What I want to know is, how many theatres there are in Canada where similar pictures of any other country have been shown at any time. I should also like to know in how many other countries pictures of Canada have been shown, and whether there have been any requests for repeat showings.

In the city of Ottawa there are the Elgin Theatre, the Centre Theatre, the Capitol Theatre and several others. In the last week I have been at all three mentioned.

Hon. Mr. LITTLE: Last week in one of the theatres there was a most excellent film depicting the activities of the State Department at Washington.

Hon. Mr. HAIG: Well, it was not one of the theatres I speak of.

I have been in the business. I ran a theatre in Winnipeg for about fifteen years; so I know something about the matter. It was a second-class theatre, and as padding, to fill in our programme, we took such pictures as the one of Riding Mountain National Park, or of some park in the Maritime Provinces. But the first-class picture theatres in Winnipeg, Toronto, Montreal and other large cities will not take them. I should like to know how many of such pictures have been taken by theatres in the United States, Britain, France, Germany or any other large country in the world. That information might be of some use to us if, as the leader of the opposition has suggested, about the only purpose that could be served would be to advertise Canada.

Hon. Mr. MacARTHUR: In answer to the challenge—

Some Hon. SENATORS: Order!

Hon. Mr. MacARTHUR: I would ask the honourable gentleman if he ever saw a picture of the opening of the Ivy Lea Bridge, with President Roosevelt and the Right Honourable Mackenzie King shaking hands.

Hon. Mr. HAIG: In the News of the World I saw about a minute of film which showed Mr. Roosevelt and Mr. King meeting and shaking hands, but that was all.

Right Hon. Mr. MEIGHEN: That would help Canada.

Hon. Mr. DANDURAND: Honourable senators, I had thought we would examine this Bill in Committee of the Whole, but I am perfectly satisfied to have it sent to the Committee on Banking and Commerce in order that the officials of the department, and probably the Minister himself, may explain the advantages of the Bill and what it is hoped to accomplish. If we pass the second reading, I am ready to do that.

I will answer my honourable friend.

Right Hon. Mr. MEIGHEN: Before my honourable friend goes on, let me say that I am not at all sure there are not others who would like to speak on this measure, and I

suggest that the motion of the honourable senator from Parkdale (Hon. Mr. Murdock) be agreed to. The debate can then go on to-morrow afternoon, and afterwards we can decide whether we will go into Committee of the Whole or send the Bill to the Committee on Banking and Commerce.

Hon. Mr. DANDURAND: When I rose I looked around to see if anyone was rising in his place.

Right Hon. Mr. MEIGHEN: Some honourable gentlemen are thinking seriously.

Hon. Mr. DANDURAND: I have no objection to the debate being continued to-morrow, but if there are some honourable members who are ready to express their views now they may do so. Then we shall adjourn until to-morrow.

Some Hon. SENATORS: Question!

Hon. Mr. MURDOCK: I move the adjournment of the debate till the next sitting of the House.

Hon. Mr. DANDURAND: May I be allowed to answer a question which was asked by the honourable senator from Winnipeg South-Centre (Hon. Mr. Haig)? I am not closing the debate, but simply giving information. As of January 1, 1939, the bureau had 6,295 copies of its films in circulation theatrically and non-theatrically throughout the world. In addition it has provided quite a number of duplicate negatives from which prints can be made in the territories to which they are shipped. Thus, the actual number of prints of Canadian Government films in circulation is probably in excess of 6,500.

The following table gives the territories and the number of bureau films in active circulation in each as of January 1, 1939:

Territory	Approximate number of films in circulation
Australia, New Zealand, Tasmania..	166
Belgium..	55
Canada..	1,700
China..	47
Czechoslovakia, Jugo-Slavia and other central European Countries.. . . .	86
France and Switzerland..	51
Germany..	83
Greece, Turkey and Near East.. . . .	35
Hawaiian Islands..	33
Holland..	33
India..	33
Italy..	70
Japan..	19
Norway, Sweden, Denmark, Finland.	64
South Africa..	45
South America..	30
Straits Settlements, East Indies, etc.	16
United Kingdom..	524
United States..	3,160
West Indies, Cuba and Carribean Islands..	45
Total..	6,295

Right Hon. Mr. MEIGHEN.

In addition, it is estimated that at least 200,000 feet of film have been loaned directly for short periods to the Canadian National and Canadian Pacific railways, travel associations and bureaux, to public and private bodies for exhibition purposes and for lectures in Canada, the United Kingdom, the United States and other countries, and placed at the disposal of foreign, educational and commercial film organizations for inclusion in films dealing with Canada.

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

CONFERENCE WITH BRITISH GOVERNMENT

INQUIRY

On the Orders of the Day:

Right Hon. Mr. MEIGHEN: Honourable members, yesterday the Prime Minister made an announcement to the country which was, or was expected to be, a definition of the Government's position in respect of the very perilous crisis which now faces the world. In that announcement it was said that the Government were ready to confer on the subject with the Government of Great Britain or of any other peace-loving country. That, I suppose, is a statement; it is one in the grammatical sense, at least. I should like to ask the leader of the Government this: Is one correct in drawing from that statement the inference, which seems to me inescapable, that up to the present time there has been no conferring on this subject with the British Government? And if such is the case, has the Government's present willingness to confer been communicated to the British Government, and, if so, when?

Hon. Mr. DANDURAND: I think my right honourable friend might have given notice of his question. I simply read the report of the House of Commons proceedings in the newspapers, and I do not like to be governed by such reports. Having no knowledge of what may have taken place between our Department of External Affairs and Great Britain, I cannot at this moment answer my right honourable friend. But I may say this, that whatever statement was made by the Prime Minister yesterday, concerning his desire to confer with Great Britain or other countries, was surely cabled to London directly from the House of Commons.

Right Hon. Mr. MEIGHEN: When? Does the honourable gentleman mean that communication would take place just through the casual reading by the British Government of reports of our House of Commons?

Hon. Mr. DANDURAND: No, I do not say that, but I should take it that whatever was expressed by the Prime Minister of Canada has, through the regular channels, reached London.

DIVORCE BILLS

THIRD READINGS

On motion of Hon. Mr. Robinson, Chairman of the Committee on Divorce, the following Bills were read the third time, and passed:

Bill L, an Act for the relief of Gertrude Saul Baker.

Bill M, an Act for the relief of Mary Frances Todd Lister Cardwell.

Bill N, an Act for the relief of Herbert John Butler.

Bill O, an Act for the relief of Anna Lasnier Blain.

Bill P, an Act for the relief of Annie March Breakey Coburn.

Bill Q, an Act for the relief of Mabel Gertrude Marks Lamoureux.

LORD'S DAY BILL

MOTION FOR SECOND READING REJECTED

Hon. CHARLES BOURGEOIS moved the second reading of Bill 7, an Act to amend the Lord's Day Act.

He said: Honourable members, the present Bill is exactly identical with one which we had before us last year. I do not intend to open up anew the debate with regard to more severe measures to insure better observance of the Lord's Day, nor to repeat remarks which I made last session.

May I be allowed, however, to express my surprise that last year this measure was abandoned in the other House without resort having been had to all the means afforded in such circumstances for obtaining a final decision from both Chambers. After the other House had refused to accept the amendments which the Senate made to the Bill, I moved that a joint committee be appointed in order that, if possible, a common understanding might be reached between the two Chambers. My suggestion was not approved in the Commons. It seemed to me at that time, and I am still of the same opinion, that a common understanding could be reached on this Bill. In fact, the Bill is not so drastic as it appears at first. Its object is not to substitute new penalties for those already provided in the Act. Subsection 1 of section 14, in which penalties by way of fines are provided, would still remain in effect if this Bill were passed, but the trial judge would have discretionary power to inflict more severe

penalties against directors or officers who, without good reason, make their employees work on Sunday.

It was pointed out last year that certain industries require constant operation and so employees have to work in them on Sundays. That is not a serious objection to the Bill, for there is nothing in it to restrict section 11 of the Act, which makes provision for all these eventualities. That section enumerates a large number of exceptions, that is, classes of work which may be performed on the Lord's Day. It says:

Notwithstanding anything herein contained, any person may on the Lord's Day do any work of necessity or mercy, and for greater certainty, but not so as to restrict the ordinary meaning of the expression "work of necessity or mercy," it is hereby declared that it shall be deemed to include the following classes of work.

Then follow the twenty-four exceptions.

However, if in spite of those exceptions, which appear to cover everything that need be covered, certain industries have good reason to fear this proposed legislation, let us send the Bill to the Committee on Banking and Commerce and add other exceptions to those already provided by section 11.

Directors who act in good faith have nothing to fear from this amendment. As I said last year, they would have a very simple but effective means of insuring compliance with the measure, if it became law, by passing resolutions or by-laws prohibiting their superintendents from having work done on Sunday except in circumstances such as are provided for by section 11. We all know that no action or prosecution for a violation of this Act can be commenced without the leave of the Attorney-General for the province in which the offence is alleged to have been committed, and I think directors may feel sure that no Attorney-General would ever give his consent to sue anyone under this amendment unless he was certain that a real infringement had been committed.

Last year I took a clear stand in this matter. I express myself now in favour of the present Bill, which would provide new and more severe penalties with a view to insuring a stricter observance of the Lord's Day, for experience has shown that the penalties provided by the present Act are insufficient and without real effect. I move second reading of the Bill.

Right Hon. ARTHUR MEIGHEN: Honourable members, no one can help admiring the ability as well as the tenacity with which the honourable senator from Shawinigan (Hon. Mr. Bourgeois) has sponsored this measure in two sessions. Nor can anyone, regardless of his views on the measure, complain that the honourable senator is obdurate or unreasonable about it. He has taken a very reasonable

position as respects amendments which this House thought were clearly in the interest of the business community, and which would permit attainment of the full object which the honourable member has in mind. But for some reason the other House persists in sending the Bill to us in its present form, providing that men shall be punished for offences which it is presumed they would commit, not for themselves, but for the shareholders of a company. That is, the Bill would lift punishment from the company, which gets the benefit, and lay it on the director, who does not.

I am not going to argue the merits of the Bill again. I have already exhausted the patience of the House by arguing the same points in a previous session. I only say now that I cannot bring myself to accept the Bill. I cannot see that the other House is staking its existence or reputation on the passing of this measure. At all events, though I regret opposing the honourable senator from Shawinigan, if the Bill comes to a vote I will vote against it. I am not seeking that anyone follow me in this matter because I happen to be leader on this side.

Hon. Mr. LACASSE: Hear, hear.

Right Hon. Mr. MEIGHEN: I do not want anyone to vote except as he feels the merits or demerits of the case demand.

Hon. GUSTAVE LACASSE: Honourable members, I hesitate to speak a second time to-night, for I do not want to impose upon the House. But as seconder of the motion of my honourable friend from Shawinigan (Hon. Mr. Bourgeois), for second reading, I want to emphasize three points in favour of the Bill.

The first of these points is that the imposition of punishment, under this amendment, would be left to the discretion of the magistrate. He would not be obliged to impose an increased penalty. Of course, if a man were prosecuted and found guilty three times, let us say, he would expect a more serious punishment on the third occasion than on the first. I am not a lawyer, but I think that is in accordance with general practice.

Then, no prosecution can be undertaken without the leave of the Attorney-General of the province where the offence is alleged to have occurred. So I do not think there need be any fear that directors would be prosecuted from improper motives.

The third point I desire to emphasize is that not very long ago the right honourable leader opposite emphasized the principles of democracy which are the very basis of our system of government. I do believe that once

Right Hon. Mr. MEIGHEN.

a measure has twice consecutively received unanimous endorsement at the hands of the elected representatives of the people it should be regarded as a forcible argument in favour of its adoption by this Chamber. Upon this principle I base my argument in support of the very sincere plea by my honourable friend from Shawinigan (Hon. Mr. Bourgeois).

Hon. RAOUL DANDURAND: Honourable senators, this Bill came before us last session, and I take the word of my right honourable friend (Right Hon. Mr. Meighen) that it also came before us in the preceding session. If I am not mistaken, we referred the Bill to the Banking and Commerce Committee, where it was amended in some important respects. The amendments were not concurred in by the House of Commons. The Senate declined to withdraw its amendments. When the Bill was returned to the other House, the ordinary procedure would have been to ask for a conference between the two Houses, but this course was not followed and the Bill went by the board. I doubt whether, after what occurred last session, it is proper for this Chamber—which desires to work in harmony with the other House, although differing from it on certain bills—to reject the motion for second reading. I would favour the Bill being referred again to the Committee on Banking and Commerce, and sufficient time being given to the parties interested to appear before the committee, which would then act according to its discretion.

Hon. C. C. BALLANTYNE: Honourable senators, inasmuch as this Bill has been before the Banking and Commerce Committee on two different occasions, and as last session a similar bill was amended to increase the fines and delete the gaol penalty, I do not see that any good purpose can now be served by again referring the Bill to the Banking and Commerce Committee.

Like my right honourable leader (Right Hon. Mr. Meighen), I have the greatest respect for the honourable member from Shawinigan (Hon. Mr. Bourgeois), and I admire his tenacity, but I would remind him that the Lord's Day Act applies not only to the district of Three Rivers, but to the whole of Canada. In previous sessions I have asked on more than one occasion if the honourable gentleman would tell us how many complaints he had received from the whole of Canada, but I have never been able to get that information from him.

As I pointed out to the honourable senator last session, emergency repairs are never brought before the board of directors at all.

The order is given either by the general superintendent of the plant or by the general manager. So why directors should be mentioned in this Bill is beyond my understanding. Furthermore, no manufacturing concern desires to perform work on Sunday unless it is an absolute necessity. I never could understand the persistence of the honourable gentleman in trying to press the Bill through this House. After all, it is not a Government measure; it is sponsored by a private member.

I am not overwhelmingly impressed by the fact that the other House, without a single voice of protest, has sent this Bill to us on three different occasions. The honourable senator, like myself, was at one time a member of the other House, and I do not need to go into certain details of what is done there.

Hon. Mr. LACASSE: I have not been a member of the other House, and should like to know what is done there.

Hon. Mr. BALLANTYNE: I do not think it would be either necessary or proper for me to give any explanation on that point. Suffice it to say that not long ago I spoke to a member of the other Chamber about this Bill, but he did not know anything about it at all, notwithstanding the fact that this is the third occasion on which it has been before the Commons. We do know that private bills go through there without very much attention being paid to them.

I have always been against the Bill, and I am still against it, but at the same time I want the honourable senator from Shawinigan to know that my personal regard for him is just as high as it has always been, and that my opposition is not against him, but against the principle of the Bill.

Hon. D. O. L'ESPERANCE: Honourable senators, while I am in favour of the observance of Sunday, as I am sure every other member is, I really do not like the way the amendment is drafted. I certainly should not like to vote against the motion for second reading if it is proposed to refer the Bill to the Banking and Commerce Committee.

Hon. Mr. BALLANTYNE: But why?

Hon. Mr. L'ESPERANCE: We could amend it there. That is what we did last year, and we could do the same this year.

Hon. Mr. BALLANTYNE: But my honourable friend knows that if we amend the Bill the other House will promptly send

it back to us. What good purpose could be served by prolonging the matter? Why not make a decision on it now?

Hon. Mr. BOURGEOIS: Will my honourable friends not consent to the Bill being referred to the Committee on Banking and Commerce, where I should be pleased to submit details concerning the different industries in Three Rivers and other places? As I remarked last session on the motion for third reading of the Bill, I was relying on the opinion of the Minister of Justice, the Bishop of my own district and the President of the Quebec Sunday Observance League. I think I was in good company. If my honourable friend wants to come to Three Rivers on a Sunday, he will see employees going to work with their lunch boxes, and trucks loaded with goods. This, I think, might cause him to change his mind.

The motion of Hon. Mr. Bourgeois was negatived: contents, 11; non-contents, 21.

PRIVATE BILL

SECOND READING

Hon. D. O. L'ESPERANCE moved the second reading of Bill 8, an Act respecting The Quebec Railway, Light and Power Company.

He said: I shall move after second reading that the Bill be referred to the Committee on Railways, Telegraphs and Harbours.

Right Hon. Mr. MEIGHEN: If the Bill has not been before a committee in the other House it should go before one here, for it is conceivable that there might be other interests affected.

Hon. Mr. MURDOCK: The sponsor of the Bill has suggested that it go to the Committee on Railways, Telegraphs and Harbours.

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

DIVORCE BILLS

SECOND READINGS

On motion of Hon. Mr. Robinson, Chairman of the Committee on Divorce, the following Bills were severally read the second time:

Bill R, an Act for the relief of Earl Keith Drennan.

Bill S, an Act for the relief of Per Ernst Martinsson.

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

THE SENATE

Wednesday, March 22, 1939.

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

Prayers and routine proceedings.

PRIVATE BILLS

THIRD READINGS

Bill E, an Act to change the name of Ancient Foresters' Mutual Life Insurance Company to Toronto Mutual Life Insurance Company.—Hon. Mr. Lynch-Staunton.

Bill F, an Act to incorporate The Associated Canadian Travellers.—Hon. Mr. Griesbach.

REPORT OF COMMITTEE

Hon. C. E. TANNER presented, and moved concurrence in, the report of the Standing Committee on Miscellaneous Private Bills on Bill H, an Act respecting The United Church of Canada.

He said: Honourable members, I am instructed by the committee to report this Bill with one amendment. The amendment is merely a clerical one, to add the word "day" after the word "tenth" on page one of the Bill, line twelve.

The motion was agreed to.

THIRD READING

Right Hon. Mr. MEIGHEN moved the third reading of Bill H, as amended.

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

REPORT OF COMMITTEE

Hon. C. E. TANNER presented, and moved concurrence in, the report of the Standing Committee on Miscellaneous Private Bills on Bill I, an Act to incorporate The Trustee Board of The Presbyterian Church in Canada.

He said: The committee has amended this Bill so that it may conform with the Bill just passed. The amendment reads:

This Act shall come into force upon such date as the Governor in Council may by proclamation, published in the Canada Gazette, appoint.

The motion was agreed to.

THIRD READING

Hon. Mr. DUFF moved the third reading of Bill I, as amended.

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

Hon. Mr. MURDOCK.

FIRST READING

Bill U, an Act respecting the Sterling Insurance Company of Canada.—Hon. Mr. Parent.

SECOND READING

Hon. Mr. PARENT: If the House has no objection, I would move that Bill U be read a second time. It is a standard Bill, and could be referred to the Standing Committee on Banking and Commerce.

Right Hon. Mr. MEIGHEN: Would the honourable member tell us what the Bill does?

Hon. Mr. PARENT: It merely asks for an extension of time to complete the organization of the company.

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

PRAIRIE FARM REHABILITATION BILL

FIRST READING

Bill 36, an Act to amend the Prairie Farm Rehabilitation Act.—Hon. Mr. Dandurand.

DIVORCE BILLS

THIRD READINGS

On motion of Hon. Mr. Robinson, Chairman of the Committee on Divorce, the following Bills were severally read the third time, and passed:

Bill R, an Act for the relief of Earl Keith Drennan.

Bill S, an Act for the relief of Per Ernst Martinsson.

PRIVATE BILL

SECOND READING

Hon. A. K. HUGESSEN moved the second reading of Bill T, an Act to incorporate The Association of Canadian Clubs.

Hon. Mr. GRIESBACH: Explain.

Hon. Mr. HUGESSEN: The object of this Bill is to give corporate form to an organization which has existed for a great number of years as a sort of co-ordinating body for the Canadian Clubs throughout the country.

Hon. Mr. DANDURAND: Is that another kind of board?

Hon. Mr. LYNCH-STAUNTON: There are a great many other things in this Bill.

Hon. Mr. HUGESSEN: Yes. There are provisions for governing the powers and functions of this body.

Hon. Mr. LYNCH-STAUNTON: Is this a Bill to control the Canadian Clubs throughout the country?

Hon. Mr. HUGESSEN: Oh, no. It is really to give corporate form to an organization which has existed for many years, and which is a central body, subscribed to by all the Canadian Clubs.

Hon. Mr. LYNCH-STAUTON: But what is the real object of it?

Hon. Mr. HUGESSEN: I cannot give any further explanation that I have just given.

Hon. Mr. LYNCH-STAUTON: I do not think anybody else can, either.

Hon. Mr. HUGESSEN: I assume that this organization feels it should have some sort of corporate form for the purpose of suing and being sued, holding property, and so forth.

Hon. Mr. LYNCH-STAUTON: But the Canadian Clubs are not corporations.

Hon. Mr. HUGESSEN: No, the Canadian Clubs are not. Well, frankly, I do not know anything more about the matter than what I said a minute ago, that it is the desire to make into a corporate body this organization, which has existed for a long time. I intend to move, if the Bill is given second reading, that it be referred to the appropriate committee, which I suppose would be the Standing Committee on Miscellaneous Private Bills. Any questions may be asked there, and answers can be given by the proponents of the Bill.

Right Hon. ARTHUR MEIGHEN: Honourable members, we all know there are Canadian Clubs in many of the larger, as well as some of the smaller, centres in Canada, and I think we all feel they have done a very substantial, worth-while and wholesome work in our country. Perhaps honourable senators around me know more about them than I do, although I was president of one. I presume all the clubs have uniform charters and similar constitutions, in which are set out their objects. If that is so, I doubt very much whether those objects are parallel with the objects of this association, as enumerated in clause 2 of the Bill:

(a) To foster and encourage a national public opinion and spirit, to stimulate intelligent citizenship, to awaken interest in public affairs, and to cultivate an attachment to the institutions and soil of Canada;

(b) To foster friendly and equitable relationships between the two great races of the Dominion in the full recognition that each race is equally entitled to express and preserve its identity and culture.

I do not know whether that is in any Canadian Club charter. Perhaps it is.

(c) To establish a faith—

I pause until honourable members get the full significance of that word.

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Hon. Mr. HUGHES: What is the word?

Right Hon. Mr. MEIGHEN: Faith.

(c) To establish a faith in the position of the Canadian nation in association under the Crown with the other nations of the British Commonwealth.

To establish a faith in our position in the Commonwealth! I do not know whether my faith is established in that or not, or just how I should feel if it were. Perhaps others, better skilled in the English language, can tell me what that means.

Hon. Mr. LYNCH-STAUTON: You are asking too much.

Hon. Mr. DUFF: It should read, "to keep the faith."

Right Hon. Mr. MEIGHEN: Faith is defined in many ways. The honourable senator from Lunenburg (Hon. Mr. Duff) could give them all to us at once. But just what is meant by a faith in our position in the British Commonwealth?

I go on now to the next object:

(d) To support the participation of the Dominion of Canada in the League of Nations, and in the work of establishing a stable and peaceful world society.

I am thoroughly agreeable to the second part of that subsection. I do not disagree with the first part of it. But I wonder what the fact is. Are all our Canadian Clubs committed to perpetuation of the League of Nations? I have never heard so. I do not think they have ever taken any position on that at all, and I do not believe it is in their constitution. Why should an association come to the Parliament of Canada and say, "We represent all the Canadian Clubs and we want incorporation, one of the objects of which is to support participation of the Dominion in the League of Nations"? I question here the right of the association to state that any such thing is the uniform objective of all the Canadian Clubs.

The other purposes specified in the Bill perhaps do not need comment. They are:

(e) To assist new Canadians to become part of the life of the Dominion and to encourage them to become acquainted with Canadian institutions, and to contribute to the common weal their particular racial culture;

(f) To encourage the study of the arts, literature and history of Canada, its economic organization and its problems generally, and its tradition of British justice and liberty;

(g) And otherwise to assist in making Canada a strong nation united from sea to sea;

(h) And to these ends, to encourage the organization of Canadian Clubs, to facilitate the interchange of club privileges and the transfer of membership among Canadian Clubs, to exchange information and publications and generally to promote the influence and effectiveness of the Canadian Clubs.

The two objects to which I call attention are those specified in subsections (c) and (d). The first of these, the one to establish a faith in our position in the British Commonwealth, seems to me to be an indistinct object and pure surplusage. As to the other, I dispute the right of any organization to come here and declare that participation of the Dominion of Canada in the League of Nations is one of the objectives of the Canadian Clubs.

Hon. GEORGE LYNCH-STAUNTON: Honourable members, I happen to have been one of those who originated the first Canadian Club, and I must say that I never dreamed we were going to embark upon such a sea of troubles as this recital proposes. This is the first time that I have heard of the Bill, although I have been and still am a member of the Hamilton Canadian Club, which was the first one established. It strikes me as rather a piece of assurance for any body of gentlemen to come here, without having first taken up the matter with all the Canadian Clubs, and seek to commit the clubs to these weird recitals. I do not know what half of them mean. And my right honourable leader (Right Hon. Mr. Meighen), who is certainly a greater authority on the English language than I am, does not know what they mean.

I have just looked over the Bill for the first time, and it strikes me that in clause 2 the only purpose appropriate for an association which is going to be the stepmother of the Canadian Clubs is that one contained in subsection (h). I certainly am not a supporter of the League of Nations, and I do not want it to be said that all the people who are of the same opinion as I am, and who are members of the Canadian Club, are committed to support perpetuation of the League.

Hon. Mr. HUGESSEN: Honourable members, I am afraid I am not in a position to answer the criticisms which have been levelled at this Bill. With respect to the purposes and objects of the association, as set out in clause 2, which have been criticized by the right honourable leader on the other side (Right Hon. Mr. Meighen), I do not know whether these are new objects or whether they are contained in the charter of the unincorporated association which has been carrying on for a considerable number of years. If they are to be found there, and if clause 2 of the Bill merely seeks to preserve them, perhaps the criticism will appear to have been not well founded. However, I do not know what is in the charter of the unincorporated association. Nor am I aware whether this

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Bill, prior to its introduction into Parliament, was laid before the various Canadian Clubs throughout the country. All these and other points which may arise will obviously have to be dealt with in committee.

Hon. Mr. LYNCH-STAUNTON: What is meant by "intelligent citizenship"?

Hon. Mr. HUGESSEN: I am sure my honourable friend is quite as competent as I am to answer that question.

Hon. Mr. GRIESBACH: Did I understand the honourable gentleman to say that this Bill has been laid before Canadian Clubs throughout the country and has received their approval?

Hon. Mr. HUGESSEN: No; I said I did not know. That would have to come up before the Private Bills Committee.

Hon. Mr. HAIG: Is this Bill promoted by the Association of Canadian Clubs or by individual members?

Hon. Mr. HUGESSEN: By the association itself, which is representative of all Canadian Clubs throughout the country.

Right Hon. Mr. MEIGHEN: I would point out to the honourable senator that paragraph (d) of section 2 could not possibly be in the articles of association of Canadian Clubs, because there was no League of Nations when their constitution was first formed.

Hon. Mr. HUGESSEN: No; the constitution of the association.

Hon. C. MacARTHUR: Honourable senators, I thought the paragraph referring to the League of Nations might stir up discussion. I find it has done so. I expected the honourable senator from Rockcliffe (Hon. Mrs. Wilson) would have something to say about the League. May I ask the honourable senator from Inkerman (Hon. Mr. Hugessen) if there is to be any affiliation with the Canadian Club, say, in New York? If so, the term might cause confusion.

Hon. Mr. HUGESSEN: I could not say off-hand, but I do not think so.

Hon. Mr. MacARTHUR: There are Canadian Clubs in several American cities.

Hon. Mr. HUGESSEN: We could not attempt to legislate for them.

Hon. Mr. MacARTHUR: But the name might be confusing. The objects of the Bill are meritorious, and I think it should be referred to the Private Bills Committee.

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

NATIONAL FILM BILL

SECOND READING

The Senate resumed from yesterday the adjourned debate on the motion for the second reading of Bill 35, an Act to create a National Film Board.

Hon. JAMES MURDOCK: Honourable senators, yesterday while listening to the debate on this Bill I was reminded of two somewhat similar proposals which came before us for consideration. About fifteen years ago the statistical activities in various departments of the Government were consolidated under the Bureau of Statistics. I was present on an occasion when three or four capable civil servants made a very earnest, but unsuccessful, protest to the Minister of the department against the proposal to place them under the jurisdiction of the proposed bureau. A similar situation arose a few years ago in relation to the translation work carried on in several Government departments. I think some honourable members will recall how wires were pulled at that time to prevent this or that individual from being transferred to the proposed central organization, which eventually was authorized by Parliament.

To-day, it seems to me, we are confronted with an almost similar situation. This morning I took steps to ascertain the extent to which our film activities are scattered amongst the departments. If we were told there is a Government Motion Picture Bureau, we should conclude that it is the logical centre for and carries on all film work undertaken by the Government, but I find that is not the case. For instance, film activities are conducted by the Parks Branch, the Department of Agriculture and the Grain Board. I understand that the Grain Board has distributed a considerable number of films in the Old Country for the purpose of showing conditions in our wheat-growing provinces.

It seems to me—and I should like my honourable friend from Montarville (Hon. Mr. Beaubien) to listen to this thought—it seems to me that those of us who are really in favour of unification ought to find right here a concrete illustration of the necessity of placing—

Hon. Mr. CALDER: Hear, hear.

Hon. Mr. MURDOCK: —the film activities of various branches of the Government service under the control of the Motion Picture Bureau. Some high-class civil servants in the National Parks Bureau, the Department of Agriculture and the Grain Board, and presumably some in other departments, would like

to retain their identity and continue piling up expense, but surely we have reached the stage where there should be unification of activities. Motion pictures are a comparatively new creation. It is only a few years since they were introduced. I think we should be very short-sighted if we did not co-ordinate our several film branches under the jurisdiction of one department.

Yesterday it was suggested that this Bill be referred to the Committee on Banking and Commerce. I think the suggestion should be adopted, so that those of us who are not members of the committee may also be able to ascertain just how far departments of the Government are engaged in film production and distribution. And I should like to know something more about the cost of our film activities, for to my mind we are now confronted with a situation similar to that which faced us in the past when our statistical and translation staffs were centralized.

What I am now about to deal with may not have a direct bearing on the subject-matter before us, but I deem it advisable to bring it to the attention of honourable senators. I hold in my hand an illustrated booklet of about thirty pages, advertising Canada, and intended primarily for circulation at the two great world's fairs at New York and San Francisco. On the front cover, under the caption "Canada Calls You," there is a splendid picture of one of our Mounties in his trim, colourful, uniform. I would recommend that this booklet be placed in the hands of all the women school teachers in the United States, for when they look at that handsome Mountie they will, I imagine, come to Canada in droves. Forming a composite background to the central figure appear the snow-capped mountains of the Rockies, a beautiful sylvan lake with anglers on its shore, and opposite them, apparently alongside the St. Lawrence, one of the darling old mothers of Quebec busy at her old-fashioned loom. The booklet is profusely illustrated and contains a set of very fine coloured maps of the Dominion and the several provinces, showing our national parks and other fascinating features. This should give our American cousins some idea of the many vacation attractions of the Dominion, and induce many to cross the international boundary and spend their holidays among us. As I understand, this is also the primary purpose of establishing a Motion Picture Bureau—to make known to the world the manifold advantages of Canada. So I hope we may have an opportunity in committee of securing the information necessary to enable us to deal intelligently with this Bill.

Hon. J. W. deB. FARRIS: Honourable senators, last night I was almost on my feet when another member got ahead of me, and as it was then suggested that the Bill be referred to the Banking and Commerce Committee, I felt disposed not to speak. It seems to me that much of the discussion arises from lack of information, and that the logical place to obtain information is in the Banking and Commerce Committee.

This morning I took occasion to read the speech which the right honourable leader opposite (Right Hon. Mr. Meighen) delivered yesterday. Certain of his statements, some of a general, others of a particular nature, I should like to challenge, doing so not in a militant but in a friendly spirit, and as I fear I shall not be here when the Bill is reported from committee, I hope honourable members will pardon me for discussing it somewhat fully at this hour.

When, some weeks ago, the right honourable leader opposite discussed the question of the adjournment of this House and the scarcity of legislation available, he commented on the fact that the Senate had been fair to the Government in its legislation. From my brief experience in this House I would agree with what he said in that connection. If he will permit me to do so, I should like to add that I think the right honourable leader opposite has a sound conception of the Senate's constitutional position and of the proper application of the constitutional sanctions which limit, not the power but the right of the Senate to interfere, particularly with such Bills as have the approval of the Commons as the elected representatives of the people. While in his voting he has been fair with respect to the Bills that come before this House, I am not so sure that in his speeches he has been equally fair to the Government.

I have before me the speech which the right honourable gentleman made last night. Because of the appointment of one paid official to this co-ordinating body, which obviously is created primarily to curtail expenditures, not to enlarge them, he stated that the increase of public officials under this Government has gone on to an appalling degree, and that this Bill constitutes, in aggravated form, one of the results of pursuing that course. Again, in referring to other actions of the Government which he suggested were of a similar nature, he said they were all evidences of the weakness and imbecility of the Government. One might derive consolation from the fact that at least fifty per cent of this extravagance occurred when my right honourable friend was

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in office. I suppose that would suggest a fifty per cent imbecility on the part of his Government.

In addition, I recall other observations—one, particularly, because it affected the city in which I live. In discussing the post office strike of last year the right honourable gentleman referred to the Government with contempt as a supine Government.

I shall not take time to collect other observations of this kind, but I would suggest to my right honourable friend, and to this House, that these are serious statements, strong statements, particularly when coming from him. There are two reasons for this. One is that the right honourable gentleman once held the position of Prime Minister of Canada and that to-day he occupies the very high and responsible position of leader of the opposition in this House. The second is that no man in this House has more often pointed out the position of this Senate as a deliberative body. I think those allegations are aggravated, if I may borrow a word from his vocabulary, by his admission, first, that he knows very little of this particular kind of business and has seen only four moving pictures in his life, and, second, that he had almost a positive hatred for that form of activity. In discussing this question last night the right honourable gentleman said he would try to banish his prejudice against the films, and in this I think he succeeded; but there was no promise that he would make an equal effort to banish his prejudice against the Government. To me it would be a great source of entertainment to see a moving picture of the right honourable leader opposite standing up and giving the Government credit for something they had done in regard to public affairs.

The other day, in discussing the Penitentiary Bill, I had occasion to point out the danger of opposition in detail to any measure tending to improve conditions by those who are opposed to the measure in its entirety. It seems to me that the same warning could be uttered again to-day with respect to the criticism of the Bill before us. Honourable members would kill this Bill—I am thinking particularly of the right honourable leader opposite, and of my honourable friend and colleague from Vancouver (Hon. Mr. McRae)—the suggestion being that because the activity and enterprise of the Government in the film field do not meet with their approval the Bill should be killed. It seems to me that a policy of that kind might be illustrated by reference to a ship coming into a harbour where it is necessary to have a pilot. If my right honourable friend were to have the decision as to whether the ship

should have a pilot or not, he would say: "No. I have never seen but four ships in my life, but I do not like that ship, the business it is doing or the place it has come from; so I will see that it does not get a pilot." If it were once granted that that ship had a cargo and was coming into port, the least that could be done would be to provide all the safeguards possible for bringing it in.

I should like to say a word, honourable members, about the policies of the Government which are attacked because of increases in the personnel of commissions, and in relation to services and other forms of activity. I think that at times we all feel a little disturbed as we see taxation increasing in this country. But we all recognize that governments to-day are acting, as never before in history, in the way of recognizing public demands for services which at one time were not regarded as coming within the sphere of government. So this is a question, not of the Government engaging new officials, but of recognizing and dealing with fundamental problems.

I have before me the platform and resolutions of the National Conservative Convention held in July last. I had some difficulty in getting it. I find here a most positive declaration:

The National Conservative Party hereby declares its opposition to any plan of unification or amalgamation of the great railways of Canada.

Following that is a statement in favour of co-operation. That means, as I understand it, that both parties are more or less at one; that the public of Canada, as represented by the great parties, are without any qualification committed to government ownership of railways. Well, honourable gentlemen, that is a most striking departure from what at one time was our conception of governmental responsibility in the furnishing of services. In that connection we all know what a tremendous burden has been placed upon the country, but who in the public life of this country can challenge the policy of providing additional public services when such a one as this, the most comprehensive of all, is solidly backed up by every great party in Canada?

Now, I may be allowed to use a bridge term. I do not mean the kind of bridge you cross. There is a little bit of cross-ruffing taking place against the Government. Leaders in another place who are of the same party as my right honourable friend attack the Government in a way exactly opposite to the way it is attacked by my right honourable

friend. We have heard the expression that it is a "do-nothing Government." The charge is made that there is not enough activity on the part of the Government in furnishing services the people demand, and we have heard that when the next election comes along the great Conservative party, headed by those who will be in the forefront of the fight, will adopt that form of attack against the Government. At the same time my right honourable friend, as one of the outstanding leaders, makes an attack from exactly the opposite direction.

Since the issue has been raised as it has been in this discussion, I think we are entitled to ask ourselves whether the Government should be in the film business at all. That seems to be the real issue. The answer of my honourable colleague from Vancouver (Hon. Mr. McRae) is "No," but I do not think he fully appreciates the length of time the Government of Canada have been in the film business. During the discussion we learned that when Sir George Foster was Minister of Trade and Commerce this film activity was started by the then Government.

Hon. Mr. CALDER: It was started before that.

Hon. Mr. FARRIS: Well, it was given a greater impetus by the activities of that right honourable gentleman.

The honourable member from Vancouver (Hon. Mr. McRae) said that he had some experience of moving pictures when the War was on. I suppose that would be twenty years ago. He seems to think that because of the failure of that enterprise, which was but an incident in the services he was performing, the Government should go out of the making of films. I have had a little experience myself. When I was Attorney-General of British Columbia we started a film business in that province in a small way. We did one bright thing: we passed an Act compelling every theatre in the province to run our pictures for five minutes every night of the week. We took some very excellent pictures, and they aroused great interest. We did a good work. The business was discontinued because the field was thought to be too narrow, not because the business was a failure.

The honourable senator from Vancouver says the business is a very technical one. I have taken the trouble to read the speech of the Minister of Trade and Commerce in another place. He tells us that in the Department of Trade and Commerce to-day there is a most efficient organization for the manufacture of pictures. I may be permitted to

refer to what the honourable Minister said. I read from page 1881 of the Debates of the House of Commons:

To-day there was in my office a gentleman who, I know, has had a wide experience in all lines of film production. In fact, he was at one time engaged in Hollywood itself. He assured me to-day that the equipment we have in our own film bureau in the Department of Trade and Commerce is the equal of anything of its size in Hollywood. It is absolutely up to date. I repeat that for the information of the committee. I do not know that I can add anything more at the moment.

A little later on he informs a committee in another place that there is only this one departmental film organization, and that when other departments wish to have pictures taken they either utilize this organization or engage some private organization and pay it for its services.

Now, the head of this bureau is a gentleman who stands very high. I have forgotten his name for the moment.

An Hon. SENATOR: Badgley.

Hon. Mr. FARRIS: I have here a reference by the Leader of the Opposition in another place to Mr. Badgley. He says:

The moving picture bureau under Mr. Badgley, of the Department of Trade and Commerce, is a branch for which I have a good deal of respect. While I was never Minister of Trade and Commerce I was acting Minister of that department occasionally when the then Minister, the honourable member for Kootenay East (Mr. Stevens), was away. Thus I became acquainted with the work of Mr. Badgley and his group, and I have a great deal of respect for him.

My honourable friend from Vancouver has said that this is a technical business. The technical side, as I take it, is under the supervision of the director, and on the technical side this Government, both in the matter of equipment and personnel, have already made a success.

Mr. Euler has said, and there seems to be no question about it, that Mr. Badgley's time is entirely taken up in the production end of the business, but that there are two other great problems that have to be considered. One is the type of pictures, and the other, perhaps the most important of all, is the distribution of the pictures. It is primarily in regard to these activities that this Bill is to be enacted, and it seems to me that what is required under these circumstances is not a technical judgment, but a broad common-sense judgment based on experience of business affairs; and that is what will be sought in the formation of this board. It has been suggested that these men would not give their services for nothing. I cannot understand why that should be so. I can-

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not understand why my right honourable friend does not forget his antipathy to pictures and see some of the good ones. I know of no branch which can be of greater inspiration towards accomplishing something for this country.

My honourable friend from Winnipeg South-Centre (Hon. Mr. Haig) told us that he had had fifteen years' experience of the picture business—

Hon. Mr. LACASSE: Second-class experience.

Hon. Mr. FARRIS: No, no. He said it was a second-class theatre, but I think it takes even more ability to operate a second-class theatre than one that is first-class. I did not hear any objection from that honourable gentleman. I regret that my experience in making recommendations for positions with the Government has not been satisfactory, but, if the honourable gentleman would permit, I should be glad to make a recommendation on his behalf.

The right honourable leader on the other side reviewed the duties of the board, as set out in the various clauses of section 9. As to the distribution of Government films in other countries, he suggested that would be all right if we were seeking immigrants. He left his criticism at that, as though immigration were the only activity in which Canada, a great trading nation, is at present interested. In his discussion he entirely overlooked the facts that the measure was brought in by the Minister of Trade and Commerce, that the Dominion of Canada has to-day an immense trade with the countries of the world, and that the moving picture is recognized by all who are interested in its distribution, whether from a Government or a private standpoint, as a powerful instrument to stimulate international trade.

Although other senators called it to his attention, my right honourable friend made no mention of the tourist traffic, which we know is one of the greatest financial assets that the Dominion of Canada has. In particular we are all aware of our tremendous annual influx of tourists from the United States, and everybody knows that this business is just in its infancy. To any honourable member who sees moving pictures and appreciates them, who goes to the theatres often enough to perceive the tremendous hold they have on the citizens of Canada, I would respectfully say: "I challenge you to declare that they are not one of the greatest possible means of developing our tourist trade, particularly with the United States."

Paragraph (a) of section 9 is designed to promote the showing of national films in

different parts of Canada, to help people in different sections of the country to get some idea of the life and conditions of living in other sections. My right honourable friend opposite rather—I was going to say, sneered, but that is not quite the word I want. In any event, he certainly did not treat that paragraph with much respect.

Right Hon. Mr. MEIGHEN: But he read it correctly first, which the honourable gentleman has not done.

Hon. Mr. FARRIS: I will read the paragraph.

Right Hon. Mr. MEIGHEN: You mis-stated it.

Hon. Mr. FARRIS: I was summarizing it from memory. Section 9 gives the duties of the commissioner, and the first one is to advise upon the making and distribution of national films designed to help Canadians in all parts of Canada to understand the ways of living and the problems of Canadians in other parts.

Right Hon. Mr. MEIGHEN: Yes, the "problems." That is what you left out.

Hon. Mr. FARRIS: It says "the ways of living and the problems." These words seem to be pretty comprehensive in that connection. It is very interesting to see what happened in the other House. Before this Bill was introduced there was a motion "that it is expedient to introduce a measure to create a National Film Board" etc. The discussion on that motion was participated in by a colleague of mine from the city of Vancouver, Mr. Howard Green, who, I am glad to say, represents that city with great credit, so far as I know. He is a prominent and active Conservative. At page 1800 of the House of Commons Debates he is reported as having said:

The Minister has suggested that Parliament should look to the future and be thinking of national films. As I read the reports of the Department of Trade and Commerce, the films that we are producing at the present time are used largely for promotion of trade and of our tourist business. I suggest to him that provision should be made now for making and distributing national films, designed to help Canadians in all parts of Canada to understand the ways of living and the problems of Canadians in other parts. Perhaps every honourable member must have been impressed with two things: first, that it is difficult for Canadians in one part of Canada to understand what is going on in other parts of the country, and, second, that moving pictures are having a remarkable effect on the Canadian people, particularly on the children and young men and women.

Hon. Mr. CALDER: Honourable senators, I rise to a point of order, after the honourable gentleman has quoted what he wanted

to quote. He is exceeding the rule to a considerable degree. My understanding, based upon an experience of many years in the Senate, is that a member very seldom quotes extensively what has been said in another place. I am afraid that if that door is opened we shall at some time in the near future get into very serious trouble.

Hon. Mr. HAIG: I rise to a point of order, too. I did not want to interrupt the honourable gentleman from Vancouver South (Hon. Mr. Farris) when he was speaking, but I will say now that the first part of his speech had nothing at all to do with the Bill; it was purely a political speech.

Some Hon. SENATORS: Order, order.

Hon. Mr. HAIG: I want to point that out now, so that in future I shall be able to do the same thing.

Hon. Mr. FARRIS: I am very sorry, honourable senators, if I have transgressed the rules of the House. I knew that one must not refer in a critical way to another place. I was quoting with approval, and not very extensively. I was merely pointing out that an honourable member of another place had, even before he ever saw this Bill, given expression to an idea which is now provided for in section 9. This indicates that a purpose similar to that covered by this provision was independently in the minds of other people who are taking an interest in the public affairs of this country. The only motive I had in quoting was to point that out, and I appreciate it that my honourable friend from Saltcoats (Hon. Mr. Calder) did not object until after I had read the paragraph which I wished to read.

Comment was made on the fact that under this provision we may show pictures of the Saskatchewan drought in other parts of Canada. Well, honourable senators, I am not sure that under some conditions that would not be a very desirable thing to do. Of course, I should not want to see such pictures shown in foreign countries, to other peoples. My point is that not only should we boast about ourselves to ourselves, but from time to time it is a good thing for the people in different parts of Canada to get right down to earth and recognize and appreciate the problems of their fellow Canadians.

But it seems to me, honourable senators, there are two matters which are bigger than any of those coming under the headings already mentioned, of trade, transportation, industry and immigration. These two matters are: Canadian unity, and a better recognition of our own Canadian nation. I suggest to

honourable members that it would not do any harm if the citizens of Toronto and other parts of Ontario who have not had the opportunities my right honourable friend opposite has had for travelling all over Canada were to see something of the life and opportunities, and of the scenic beauty and charm, that we have down in the Maritime Provinces—

Some Hon. SENATORS: Hear, hear.

Hon. Mr. FARRIS: —and in the province of Quebec. It would do no harm for my right honourable friend, even, to refresh his memory of what golden wheat looks like when it is waving in the wind at sunset. I am sure that people from all other parts of the country would be greatly benefited if they were able to enjoy some of the magnificence and grandeur that British Columbia has to show.

Finally, honourable members, those of us who go to the moving pictures are conscious of the fact that the business is dominated by United States interests, and that on the screen we are shown the President of the United States, various state governors and other officials, not to mention a great many phases of American commercial life, far oftener than we are shown anything about our own country. None of us here would want to banish these American films from our theatres, but I think everyone who goes to see the pictures and has observed the extent to which our young people get from them their ideas of public life and private affairs will agree that through this popular medium the Government of Canada have a great opportunity, and an obligation as well, to bring home to our citizens a consciousness of our own nation, its greatness and its future.

The Hon. the SPEAKER: The question, honourable members, is on the second reading of Bill 35, an Act to create a National Film Board. Is it your pleasure, honourable members, to adopt the motion for the second reading of this Bill?

Hon. Mr. DANDURAND: Carried.

Right Hon. Mr. MEIGHEN: On division.

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

REFERRED TO COMMITTEE

Hon. Mr. DANDURAND: Honourable members, I move that this Bill be referred to the Standing Committee on Banking and Commerce.

Right Hon. Mr. MEIGHEN: Honourable members, possibly if I take about three and a half minutes to refer at this stage to the

Hon. Mr. FARRIS.

subject which we have just been discussing, the House will forgive me, notwithstanding the fact that I spoke on the main motion. I will endeavour to confine my very brief remarks to the Bill before us—

Hon. Mr. DANDURAND: I should like to ask my right honourable friend if discussion is permissible on a motion to commit a bill to a standing committee, unless the discussion relate to the choice of committee.

Right Hon. Mr. MEIGHEN: I know of no rule to the contrary, but I admit that it is unusual to speak at this stage. I am rising only because I could not do so while the motion for second reading was before the House, since I had spoken to that motion. Also, I desire to leave in about three or four minutes, if there would be no sacrifice of my duty here.

Hon. Mr. DANDURAND: I should like to put this to my right honourable friend. If he speaks now, someone may wish to follow him, and how should we be able to prevent further debate? I would suggest that he postpone his remarks until the Bill comes back from the committee and is before us for the third reading.

Right Hon. Mr. MEIGHEN: That will not be before next week. However, perhaps the honourable leader is right. But I would point out this. I do at times say some things in favour of the honourable leader and of the Government, and I deeply regret that the inattention of the honourable gentleman from Vancouver South (Hon. Mr. Farris) to his duties has prevented him from hearing me.

Hon. Mr. LACASSE: It so seldom happens. The motion was agreed to.

BUSINESS OF THE SENATE

Hon. Mr. DANDURAND: Honourable senators, I find that there is nothing on the Order Paper for to-morrow.

Hon. Mr. HUGHES: That is unusual!

Hon. Mr. DANDURAND: And there is nothing to be expected from the other House for to-morrow. I had intended to move that when the Senate adjourns this evening it stand adjourned until Monday evening next, but I have received a considerable number of suggestions that we adjourn until Tuesday evening. I am ready to move in accordance with these suggestions, but it may mean that next week we shall have to sit from Tuesday evening until Friday in order to dispose of the work that will then be before us and to lighten the agenda for

the following week. I move, somewhat reluctantly, that when the Senate adjourns this evening, it stand adjourned until Tuesday evening next at 8 o'clock.

Hon. Mr. HAIG: Honourable members, as one who comes from a Western province, I object to adjournments of this kind. They are unfair to senators whose homes and places of business are a long distance off, in the Maritimes or the West.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. HAIG: The proposed adjournment will not give us an opportunity of returning home. This is Wednesday, and if the honourable leader's motion carries we shall have to stay around Ottawa, with nothing to do, until next Tuesday. Then probably there will be enough work to keep us busy right at the time of the usual Easter adjournment. I strenuously object to this. What we ought to do is to sit five days a week, finish up our work and then adjourn for one or two weeks, or until there is enough business from the House of Commons to keep us busy.

I sympathize sincerely with the honourable gentleman from Vancouver South (Hon. Mr. Farris). He wants to go back home to attend to some business, but if he does so he will be fined for non-attendance here. Yet senators from Ontario and Quebec will be able to go home to-night and will then have three days left out of this week for attending to their business, and at least another full day next week, while we who come from long distances have to kick our heels around Ottawa. This is neither fair nor just to us. If it is impracticable to sit all next week, finish our business, and then adjourn for two weeks, we should be exempted from the rule requiring our presence at the sittings and be permitted to stay away as long as we like.

Right Hon. Mr. MEIGHEN: Honourable members, I should agree with the honourable senator's suggestion that we stay and finish our work, if there were any work for us to do. If there were anything for us to-morrow, or Friday or Monday, we ought to be here to attend to it. But there is not; so it is a question of either adjourning now until next week or else adjourning for two weeks.

Hon. Mr. HAIG: Adjourn for two weeks.

Right Hon. Mr. MEIGHEN: But I know there will be work awaiting us before that time, and I feel it would be undutiful of us not to be here. As I live in Ontario, I know that these short adjournments are of more advantage to me than they are to honourable members whose homes are at a distance.

But I am prepared to stay here the whole week at any time. I do not want to take advantage of the procedure that we have been following. The objection to our adjourning for two weeks just now is that there would be work awaiting our attention before we got back. Of course, we shall have the Railway Committee sitting next week. It would have been in session to-day but that illness has prevented an important witness in Calgary from being here. We cannot conclude our evidence until he arrives. We could postpone the meeting of the committee to a later date, but I can understand the disinclination of the leader of the Government to take the responsibility of having this House not in session next week when business from the Commons reaches us, or there may be a desire to initiate certain measures here.

Hon. Mr. HAIG: I think that when adjournments are being considered some members from the Maritime Provinces and from Western Canada should be consulted. We might point out to the leader of the Government the advisability of adjourning occasionally for two weeks and then sitting for a couple of weeks of five days each. This would be much fairer to those of us who come from the Maritimes or Western Canada. I recognize that next week we must come back because it will be necessary to pass a Supply Bill to carry on the business of the country, and I am willing to be here; but in future, I repeat, members from distant provinces should be consulted, for certainly it is very tiresome to stay here by the week doing nothing.

Hon. Mr. DANDURAND: I may say that while my honourable friend (Hon. Mr. Haig) was away we took very good care of his interests.

Hon. Mr. HAIG: I appreciate that.

Hon. Mr. DANDURAND: I have never failed to think of the situation which he has described, and at the request of the champion of his idea, the honourable gentleman from Lunenburg (Hon. Mr. Duff), I agreed to give three weeks to my honourable friend while he was in Winnipeg. I will try to see if we cannot accommodate our friends from the extreme East and the West, and at the same time do our duty by the country.

Hon. F. B. BLACK: Honourable senators, I understood the leader of the Government (Hon. Mr. Dandurand) to say that next week it would be necessary to sit until Friday.

Hon. Mr. BEAUBIEN: No; that we might have to.

Hon. Mr. BLACK: I heard my honourable friend say that we should probably have to sit until Friday of next week. I would suggest that we adjourn until Monday night, and since there is to be an Easter recess, we might adjourn next Thursday, so that those of us who live at a distance may have a little advantage.

I have not complained before, but I share the feeling of my honourable friend from Winnipeg (Hon. Mr. Haig). I am a busy man, and I can find much to do while I am at home. I take my duties just as seriously as any other member, but it seems to me that when an opportunity like this occurs we might adopt the suggestion I have made.

Hon. Mr. BEAUBIEN: Honourable members, perhaps I am a little guilty in proposing that we revert to the old practice of sitting Tuesday night until the following Thursday. I deeply sympathize with the disadvantage that our colleagues from the extreme East and the West are subject to, as compared with the favoured position of their colleagues who live close to Ottawa, and if by sitting on Monday night there is any prospect of giving them a longer recess, I shall certainly be prepared to agree to the proposal. I understood the honourable leader of the House to say that on account of pressure of business we might be called upon to sit next Friday. If in his judgment that is to be the case, I am perfectly agreeable to attending here Monday night. We sit three days a week. Why? As the honourable leader opposite knows, three days suffice for this Chamber to do what constitutes a whole week's work in the House of Commons. As he has said, our Order Paper is clear. Within three days next week, I expect, we shall be in the same position. In three days we can get into step, so to speak, with the work coming from the other House. The honourable leader opposite, no doubt, bears in mind that those members who live within easy reach of Ottawa arrange their business so as to utilize their time to the best advantage. However, we are perfectly willing to do whatever may be necessary to suit the convenience of our colleagues from the East and the West.

Hon. J. J. HUGHES: Honourable senators, we who live in the far East and the far West have always had the sympathy of our colleagues who live within easy reach of Ottawa with respect to these adjournments; but I would ask them to give us something more than sympathy. We shall, I presume, be adjourning next week over Easter, and it would accommodate us very much if the recess could be made as long as possible; and now is the time to arrange for it, in order to

Hon. Mr. BEAUBIEN.

give those of us from the far East and the far West an opportunity to go home and stay there a little while.

Hon. Mr. BEAUBIEN: That is right.

Hon. Mr. HUGHES: As I say, now is the time to make the necessary arrangements.

Hon. R. H. POPE: I move that we adjourn until June—

Hon. Mr. MacARTHUR: Carried unanimously.

Hon. Mr. POPE:—in order that the Government may have an opportunity of passing some legislation for us to consider. We have been here a long time and have had very little to occupy our attention. I ask the honourable leader of the House to accept my proposal.

The motion of Hon. Mr. Dandurand was agreed to.

The Senate adjourned until Tuesday, March 28, at 8 p.m.

THE SENATE

Tuesday, March 28, 1939.

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

Prayers and routine proceedings.

PRICE SPREADS—REMEDIAL MEASURES

ORDER FOR RETURN

On the notice by Hon. Mr. Sauvé:

That he will inquire of the Government:

1. Is it a fact that the Government have taken steps to redress the abuses mentioned in the report of the royal investigating commission appointed by a resolution of the House of Commons on February 2, 1934, with power to seek and examine the causes of the wide spread between the price received by the producer for his goods and the price paid by the consumer for the said goods; also to study the system of distribution of farm produce and other natural products, and manufactured products, etc., in Canada?

2. If so, what measures were taken in that respect?

Hon. Mr. DANDURAND: I would ask that the honourable gentleman's inquiry stand as an order for a return, which I shall table—

Right Hon. Mr. MEIGHEN: Some time.

Hon. Mr. DANDURAND:—forthwith.

The inquiry stands as an order for a return.

DIRECTOR OF FARMERS' CREDITORS
ARRANGEMENT ACT

INQUIRY AMENDED

On the notice by Hon. Mr. Hughes:

That he will inquire of the Government:

1. When was Mr. H. F. Gordon appointed Manager or Director at Ottawa of the Farmers' Creditors Arrangement Act?
2. What salary did he receive at the time of his appointment?
3. How often and when has his salary been increased since?
4. When was the last increase given him?

Hon. Mr. HUGHES: Honourable senators, I ask permission of the House to amend this inquiry standing in my name, by deleting the fourth question and substituting in its place the following:

And what was the amount of each increase?

Leave to amend the inquiry was granted.

BRITISH NORTH AMERICA ACT
REPORT OF PARLIAMENTARY COUNSEL OF
THE SENATE

The Hon. the SPEAKER: Honourable members of the Senate, I have the honour to inform you that pursuant to resolution of the Senate, dated 30th of June, 1938, the Parliamentary Counsel of the Senate has placed in my hands his report relating to the enactment of the British North America Act, 1867, which report I beg to lay on the Table. Honourable members will receive their copies in due course.

PEST CONTROL PRODUCTS BILL
FIRST READING

Bill 40, an Act to amend the Agricultural Pests' Control Act and change the title thereof.—Hon. Mr. Dandurand.

SMALL LOANS BILL
FIRST READING

Bill Z, an Act respecting Small Loans.—Hon. Mr. Dandurand.

DIVORCE BILLS
FIRST READINGS

Hon. Mr. ROBINSON, Chairman of the Committee on Divorce, presented the following Bills, which were severally read the first time:

Bill V, an Act for the relief of Jean Winifred Hunter Urquhart.

Bill W, an Act for the relief of Sarah Theresa Norman.

Bill X, an Act for the relief of Helen Kathleen Yuill.

Bill Y, an Act for the relief of Zdenka Pauline Otilie Josefina von Ehrenfeld-Pop Drummond, otherwise known as Yvonne Drummond.

PRAIRIE FARM REHABILITATION BILL
SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 36, an Act to amend the Prairie Farm Rehabilitation Act.

He said: Honourable senators, the purpose of this Bill is to amend the Prairie Farm Rehabilitation Act of 1935. I desire to congratulate the then Minister of Agriculture, who presented that legislation to Parliament. I found it so simple and so full of merit that it was a pleasure to read what had been effected under it in the three Western provinces.

Honourable members who have the Act before them will see that it contains only nine clauses, and yet under its authority activities have been promoted throughout the Western provinces which, I think, the people there have appreciated. The administration of the Act was entrusted to the Department of Agriculture. Since 1935 the Ministers of Agriculture have been representative of the West and familiar with Western conditions, and officials of that department have supervised the work carried on under the Act.

The amendments do not vary the principle of the Act, nor do they to any extent increase the powers of the Minister. So that honourable senators may understand the nature of the amendments, I will go through the original measure and indicate how it is proposed to be amended.

Clauses 1 and 2 of the Act are not affected.

Clause 3 gives the constitution of the advisory committee in these words:

The Governor in Council may establish a committee to be known as the Prairie Farm Rehabilitation Advisory Committee, hereinafter called "the committee," the members of which shall hold office during pleasure.

In the following subsection the membership of the committee is set out. That clause was changed by the amending Act of 1937 to read:

The Governor in Council may establish one or more advisory committees to be known as the Prairie Farm Rehabilitation Committees, the members of which shall hold office during pleasure.

One of the members of each advisory committee shall be appointed chairman thereof by the Minister.

Under the authority of the clause as amended a committee was formed to deal with water development, and another, composed of officials of the department, to serve in an advisory capacity. The principal committee has remained virtually the same as constituted under the original Act. I have before me the names of its members as well as the members of the Water Development Committee and the advisory committee of departmental officials. If any honourable senator desires to have these particulars I shall place them on Hansard when we come to the committee stage. The sole difference in the make-up of the general committee is that representatives of the farming population now replace the nominees of the grain growers' organization.

Clause 4 was also amended by the Act of 1937. The clause as amended reads:

The advisory committees shall consider and advise the Minister as to the best methods to be adopted to secure the rehabilitation of the drought and soil drifting areas in the provinces of Manitoba, Saskatchewan and Alberta, and to develop and promote within these areas systems of farm practice, tree culture, water supply—

The following words were added by the amendment:

—land utilization and land settlement that will afford greater economic security, and to make such representations thereon to the Minister as the advisory committees may deem expedient.

The Act of 1937 made no changes in clauses 5 and 6.

Clause 7 of the original Act is in fact the empowering clause. It reads:

The Governor in Council may make such regulations as may be necessary or expedient for the effectual execution and working of this Act and the attainment of the intention and objects thereof.

Under this clause the Minister was vested with all the necessary authority to administer the Act through regulations approved by the Governor in Council. Under it agreements were made with the various provinces, cities and other municipalities for the acquisition of lands for irrigation purposes, for the flooding of certain areas, for the establishment of pastures, and so on. I mention this in order that honourable members may know that all authority flowed from clause 7; and, as I have said, this clause is not amended. But the officials of the department charged with the checking and controlling of expenditure have suggested that authority should come direct from Parliament instead of through regulations. Hence clauses 10, 11 and 12 of this Bill.

Clause 8 of the original Act provided:

For the purposes of this Act the sum of seven hundred and fifty thousand dollars shall be appropriated and paid out of the Con-

solidated Revenue Fund of Canada during the fiscal year 1935-36 and for each fiscal year for a further period of four years a sum not exceeding one million dollars per annum as may be necessary to continue and extend the work undertaken under this Act.

It will be noticed that clause 8 provided for the payment of a total sum during those five years of \$4,750,000. The powers under the Act apparently would be exhausted in 1940. The Act of 1937 amended that clause to read:

For the purposes of this Act the Governor in Council may from time to time authorize the expenditure in each of the fiscal years 1937-38 to 1939-40, inclusive, of sums not exceeding the amount appropriated by Parliament in each year for such purposes.

But in that amendment the life of the Act was not extended, for the words remained, "in each of the fiscal years 1937-38 to 1939-40, inclusive." By the amendment now proposed these words would be deleted and the clause made to read:

For the purposes of this Act the Governor in Council may from time to time authorize the expenditure of sums not exceeding the amount appropriated by Parliament in each year for such purposes.

This would allow for the operation of the Act so long as Parliament decided to continue the work and vote the necessary moneys.

As I have said, authority flowed from clause 7 and regulations made thereunder, but it is now felt that it should come from Parliament itself. Three new clauses are therefore added to the Bill.

Clause 10 says that the Minister may enter into agreements subject to section 4 of the Act, which provides:

The advisory committees appointed shall consider and advise the Minister as to the best methods to be adopted to secure the rehabilitation of the drought and soil drifting areas in the provinces of Manitoba, Saskatchewan and Alberta, and to develop and promote within these areas systems of farm practice, tree culture, water supply, land utilization and land settlement that will afford greater economic security, and to make such representations thereon to the Minister as the advisory committees may deem expedient.

Under the Act the Minister, operating under clause 7, had to accept the advice of the advisory committee or committees, which was approved by Order in Council. Under the proposed clause 10 the same procedure is to be followed. The new section 10 reads:

The Minister may, subject to section 4 of this Act and with the approval of the Governor in Council, enter into agreements with any of the provinces of Manitoba, Saskatchewan or Alberta or with any city, town or other municipality within any of the said provinces, or with any person, firm or corporation, with respect to the development, promotion, construc-

tion, operation and maintenance of any project or scheme undertaken under and by virtue of this Act or which may be deemed necessary or desirable for the conservation of water.

Clause 11:

The Minister may, for the purposes of the Act, and with the approval of the Governor in Council, purchase, lease or otherwise acquire, or sell, lease or otherwise dispose of, any lands or premises which may be required for or included in any project or scheme, upon such terms or conditions as he may deem desirable.

I may say that all such powers as would be conferred by those two clauses have been exercised fully, since the inception of the Act, by the Minister, who was entrusted with its operation. They have been exercised under section 7, with, of course, the authorization and direction of the committees that were appointed.

Clause 12 says:

The Minister may, for the purposes of this Act, purchase or rent whatever machinery or equipment may be required in connection with the development, construction or operation of any project or scheme: provided that the purchase of any single unit of machinery or equipment of a value greater than five thousand dollars shall require the approval of the Governor in Council.

A similar proviso binds all departments in the expenditure of sums in excess of \$5,000. An Order in Council must be passed.

The section continues:

Notwithstanding the provisions of any other Act or law, the Minister may sell any single unit of such machinery or equipment upon such terms as he may deem advisable and the proceeds thereof shall be paid to the Receiver General: provided that the sale of any such unit shall if its initial cost exceeded five hundred dollars, require the approval of the Governor in Council.

I may say with reference to section 11 that lands purchased by the department are sometimes required for the building of abutments or are lands which will have to be flooded. I am informed that they are generally bought at approximately \$10 an acre and that after the work has been done the remnants of those lands are disposed of at the same price.

The right of the Minister to dispose of machinery or equipment acquired in connection with some of these works applies to such machinery or equipment as could not be used by the Government without having to be carried some distance at considerable cost, but could be disposed of on the spot to farmers interested in the work. I may say the Government have no machinery for dugouts.

With these explanations I move the second reading of the Bill. If the Senate is disposed to send it to Committee of the Whole this evening, I should be glad to furnish all the further information that may be asked for by honourable members of the Senate.

Right Hon. ARTHUR MEIGHEN: Honourable members, there will be no one in the House who will not sympathize with the purpose of this measure. It is the same purpose, of course, as that which accounted for the introduction of the legislation of 1935 and the amendment of 1937. For more than nine years now the West has suffered from drought, some sections continuously and others intermittently. As I understand it, the policy of the original Act and the amending legislation was to combat drought by the method authorized under those measures. One is therefore reluctant to find fault with the Government's demands in respect of a purpose so laudable and so necessary. But I think the Minister has painted this measure in terms which make it appear much more innocent than it is.

The Act of 1935 provided that the Minister of Agriculture of the time should have certain investigatory and executive powers in respect of seeking to provide, by irrigation, for the rehabilitation of drought-stricken areas in the West. An emergency had arisen, not with great suddenness, it is true, but through a succession of years, culminating in a very dry year in 1935, and some method of attack upon the problem and the tremendous distress which it entailed was essential.

The 1935 Act gave the Minister certain powers, it is true, to construct works. The amount named in the measure was \$750,000.

Hon. Mr. DANDURAND: For the first year.

Right Hon. Mr. MEIGHEN: For the first year. The terms of that Act made the legislation effective year by year until the end of the fiscal year in the spring of 1940, but it was provided that anything to be done should be done after investigation by and upon the advice of a board, the members of which were named ex officio in the legislation itself. Section 3 reads as follows:

(1) The Governor in Council may establish a committee to be known as the Prairie Farm Rehabilitation Advisory Committee, hereinafter called "the committee," the members of which shall hold office during pleasure.

(2) One of the members of the committee shall be appointed Chairman by the Governor in Council.

(3) The committee shall consist of the following:

(a) one representative of the Manitoba grain growing farmers from the drought and soil drifting areas;

(b) one representative of the Saskatchewan grain growing farmers from the drought and soil drifting areas;

(c) one representative of the Alberta grain growing farmers from the drought and soil drifting areas;

(d) one representative of Saskatchewan live stock farmers from the drought areas;

(e) one representative of Alberta range farmers from the drought areas;

(f) one representative of mortgage companies of Canada;

(g) one representative of the Canadian Bankers' Association;

(h) one representative each from the Canadian Pacific Railway Company and the Canadian National Railways;

(i) two representatives from the Dominion Department of Agriculture; and

(j) one representative of the Government in each of the provinces of Manitoba, Saskatchewan and Alberta.

Section 4 provided:

The committee shall consider and advise the Minister as to the best methods to be adopted to secure the rehabilitation of the drought and soil drifting areas in the provinces of Manitoba, Saskatchewan and Alberta and to develop and promote within those areas systems of farm practice, tree culture and water supply that will afford greater economic security and to make such representations thereon to the Minister as the committee may deem expedient.

Honourable members will see that the initiation rested with that committee.

Hon. Mr. DANDURAND: It does still.

Right Hon. Mr. MEIGHEN: I shall come to that statement. That was the reply given in the Commons by the Minister, but it is not a faithful reply.

Hon. Mr. DANDURAND: I should be surprised if it were not; and I have read the Bill faithfully.

Right Hon. Mr. MEIGHEN: Such was the constitution of the committee. The initiation was with that committee, and the power of the Minister rested upon it.

Hon. Mr. DANDURAND: My honourable friend will find the representatives of all those institutions still sitting on that board.

Right Hon. Mr. MEIGHEN: I would have told the House that if the honourable gentleman had been patient.

Honourable members will see that the original Act, having its birth in an emergent condition, was designed to be a temporary measure, the hope being that the problem could be dealt with within the period named in the Act, and plenary powers were by no means vested in the Minister. The amount voted was relatively small.

I now proceed to the history of the measure. In 1937 the Government came in with an amendment striking out this composition of the committee and enabling the Governor in Council to appoint a number of committees in its stead. I think there were three. The leader of the House tells us, just as the Minister told another assembly, that they still have this committee. That may be so, but

Right Hon. Mr. MEIGHEN.

the membership of the committee is not restricted as it was. It does not have to be drawn from those associations, governments and railways. The Minister, with the approval of his Government, can appoint whom he likes. Every man on that committee, if indeed it is called and does its work—I accept the word of the honourable leader that the committee exists—knows that he is now the creature of the Government, and that the institution he represents has no longer a right to a representative. It is not difficult for honourable members to see the distinction—to see the change of position and relationship which this Government have effected. The supreme body over all these expenditures in the West is no longer the committee. Its members are on sufferance of the Administration; their committee life may be stamped out at a moment's notice.

I repeat, the members of the committee are now mere creatures of the Government, remaining on the committee by the Government's will. The supreme body in charge now is one man, the Minister of Agriculture of this country. He is the lord of these expenditures, which have grown greatly. From a vote of \$750,000 they increased last year to \$3,500,000, and my information is that virtually all has been spent.

Hon. Mr. DANDURAND: All?

Right Hon. Mr. MEIGHEN: Virtually all the \$3,500,000. And I noticed to-night supplementary estimates asking for more. This has become almost as large a spending department as the Department of Public Works. Now, when we spend money on public works we do so under the Public Works Act. That Act has grown up through our history; it contains safeguards, restrictions and protective clauses in the public interest. The Minister of Public Works is not lord over all the money spent by his department, with power to write his cheque for any amount, to make his bargain with whom he wishes, and then to come to the Governor in Council with a recommendation. As every honourable member is aware, very little restraint is exercised by the Governor in Council. The Minister knows fifty times as much as anybody else there about what he is recommending, and in nine hundred and ninety-nine cases out of a thousand his recommendation is passed. Under this Bill the Minister of Agriculture will be lord over these rehabilitation expenditures, subject to none of the restrictions imposed by the Public Works Act.

Hon. Mr. DANDURAND: Except for the advice of the committee.

Right Hon. Mr. MEIGHEN: Of the committee that he can fire to-morrow.

Hon. Mr. DANDURAND: They are representatives of the provinces.

Right Hon. Mr. MEIGHEN: But they know their relationships and they know the Minister of Agriculture. They are aware that pulling at his coat-tail will not have much effect, unless they expect a kick backwards. The Minister has assumed control over about half of the public works money of Canada, and through the West he travels, in command of it all, under this Prairie Farm Rehabilitation measure.

I do not live in the West now and I am not in close contact with it; so I do not know how this work is being carried on. I have no doubt a lot of good is being done, but I believe that under a system such as this you will not get full value for your money. If you can, then let us pass a law making every Minister a Hitler within his own field, answerable to no House and to nobody at all. What is the use of imposing restraint and hobbling the feet of the Minister of Public Works, if you take half the money out of his treasury and give it to another Minister, on whom you have placed no hobbles at all?

Hon. Mr. DANDURAND: That was under the Act of 1935.

Right Hon. Mr. MEIGHEN: No, it was not. That Act was an emergency measure, and a temporary one.

Hon. Mr. DANDURAND: For five years.

Right Hon. Mr. MEIGHEN: But that Act established a board, which the Governor in Council could not dismiss. There was the restriction. This Bill not only sweeps away that restriction, but it makes the Act permanent. There is no limitation as to time or amount. Whatever is voted each year appears in the estimates, over which we in this House have virtually no control whatever. Indeed, members of the other House have very little control over them. We know how these figures come down in the last days of the session—a million here and a million there. In fact, I think—I have not checked this, and if it is wrong I will withdraw it—that this whole vote of \$3,500,000 for last year was brought down in a supplementary estimate in the last two or three days of the session. Speaking from memory, I feel sure that I saw it for the first time the last week of the session. And that is the way the vote will be brought in again.

Not only is the limitation removed as to amount and time, but the safeguard of a fixed committee is dispensed with. Thus, wholly unlimited, lord of all he surveys to the extent

of that amount voted in the estimates, the Minister of Agriculture is put in charge of the treasury of Canada. These are facts to which I call the attention of the House. A time may come when the Parliament of Canada and members of this Government will regret having vested these extraordinary powers in any Minister. If that time comes, let them remember that I gave warning to-night.

Hon. DUNCAN MARSHALL: Honourable senators, there are one or two things I want to say with regard to this Bill. My right honourable friend who has just taken his seat said that under the Act of 1935 the committee was fixed and could not be removed. Well, this is what that Act said:

The Governor in Council may establish a committee to be known as the Prairie Farm Rehabilitation Advisory Committee, hereinafter called "the Committee," the members of which shall hold office during pleasure.

They were appointed by the Governor General in Council and could be removed at the pleasure of the Governor General in Council.

Right Hon. Mr. MEIGHEN: No. My honourable friend is right so far as he has read, but if he reads further he will see that nothing can be done unless there is a committee to advise, composed as set out there. If you fire the men who are on the committee, the new members must be appointed just as the old ones were.

Hon. Mr. MARSHALL: Composed of representatives from those bodies.

Right Hon. Mr. MEIGHEN: Yes.

Hon. Mr. MARSHALL: But, as a matter of fact, what was that committee to do? The Act says that it

shall consider and advise the Minister as to the best methods to be adopted to secure the rehabilitation of the drought and soil drifting areas in the provinces of Manitoba, Saskatchewan and Alberta . . .

This was a purely advisory committee.

Right Hon. Mr. MEIGHEN: That is right.

Hon. Mr. MARSHALL: The money was voted to the Minister and the Act provided for his expenditure of it. Another clause in this original Bill read:

The Minister may appoint such temporary technical, professional and other officers and employees as he may deem necessary and expedient for carrying out the provisions of this Act and the salaries and expenses of such officers shall be fixed by the Governor in Council.

The Governor in Council may make such regulations as may be necessary or expedient for the effectual execution and working of this Act and the attainment of the intention and objects thereof.

And then \$4,500,000, if you please, was voted to cover a period of five years. This money does not have to be placed in the estimates each year.

Right Hon. Mr. MEIGHEN: Just a minute. The honourable member is not fair there.

Hon. Mr. MARSHALL: Of course not.

Right Hon. Mr. MEIGHEN: It is true that was voted for all those years, but the maximum for each year was a million. Now there is no maximum.

Hon. Mr. MARSHALL: Yes, there is a maximum: the amount voted by the House of Commons.

Right Hon. Mr. MEIGHEN: That is what I pointed out.

Hon. Mr. MARSHALL: Surely that House has a few rights left in the matter of voting money. And whatever amount is voted in that way cannot be exceeded.

As a matter of fact, the committee is constituted to-day almost exactly as it was then. Some of the men, who have moved away and are therefore unable to continue their work, have been replaced. And instead of representatives being taken from farmers' organizations, they have been taken from municipal organizations in the three provinces, because the municipalities own a lot of the land affected and are handing it over to the Federal Government to be enclosed as pastures.

Hon. Mr. DANDURAND: And the Government buy no land.

Hon. Mr. MARSHALL: No. The land they use is given to them by the provincial governments or the municipalities. This land, which it has been possible to secure at a cost of something under one dollar an acre, for fencing, is now available for community pasture.

I think the original Act of 1935, even though its provisions were very wide and gave the Department of Agriculture control over large expenditures, has been of tremendous importance. Homesteaders settled parts of the West that never should have been settled. We know that some persons are now blamed for doing that. So far as I am concerned, after observing the West for over thirty years, I do not blame anybody. I know what conditions were out there for a period of years, when we had abundance of rain and when nobody could resist the demands that were being made in certain localities to permit people to homestead. The late Hon. Frank Oliver said he felt parts of that country would be dry some day. He had seen it dry before. He said to me, "I live in Edmonton, and so they say that I do not want to settle southern Alberta—I

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do not want to allow homesteaders to go in there." We were driving over the prairies south of Medicine Hat at the time, and he remarked: "You cannot deny that every water hole is full of water, that there is every indication to the man who has not had an acquaintance of a long period of years with the West that this is farming land."

The West has been a series of surprises to everybody who has had anything to do with its land. The honourable senator from Saltcoats (Hon. Mr. Calder) knows something of the land around Milestone. A man fixes a certain year in his mind because of something that happened then. I do not know whether my honourable friend remembers the year 1910 at Milestone. I happened to be in that locality then for a while, and I know the people thought they would have no crop. Every tenderfoot in the country prophesied that because the weather had been very dry and there were six-inch and eight-inch cracks in the soil, it would not be possible to fill and ripen wheat. But they did not know the kind of soil that was there, the quantity of water it would hold. In spite of the fact that little rain fell until harvest time, there was enough capillary water in that land to ripen the wheat and yield thirty to forty bushels to the acre. But in other sections, where there was lightish land with a sandy subsoil, there was of course no such storage of water.

If this rehabilitation scheme, started in 1935, will be the means of changing into grazing land large areas in what we commonly call the semi-arid district, particularly in Saskatchewan and Alberta, and placing them in the permanent possession of the Federal Government, I believe that for all future time that Government, of whatever party, will prevent these lands from being used again for farming purposes. But these lands can be made of tremendous value to people who are farming nearby and can use them for cattle pastures. I believe a great thing will be done by encouraging the raising of cattle through the use of these pastures and dugouts. Of course, the dugouts are not of any value in the lightish land; they are good only in the kind of soil that will hold water.

Hon. Mr. DANDURAND: Clay soil.

Hon. Mr. MARSHALL: Anything that will encourage the raising of live stock in the semi-arid districts, and in a good part of Saskatchewan, Alberta and Manitoba, will be helping in an important way to solve the problem that the people in the West have to face, and that we in the East have also to solve.

Right Hon. Mr. MEIGHEN: Could the honourable member answer me a question? The Minister says that sometimes land was bought and, after having been dealt with for a while, was sold again at the same price. I do not understand why land is bought and sold at all. Why is it not leased?

Hon. Mr. MARSHALL: I do not know of any land that was sold, or that was even bought for money. Land has been taken over by the Government from the different provinces and municipalities, upon no payment whatever. This land had come to the municipalities for taxes. But if any acreage has been purchased—

Hon. Mr. DANDURAND: For flooding purposes, at times.

Hon. Mr. MARSHALL: Some land might be purchased for the making of lakes, in connection with small irrigation plants.

Right Hon. Mr. MEIGHEN: But it would not be sold.

Hon. Mr. MARSHALL: No, not if it was bought for that purpose.

Right Hon. Mr. MEIGHEN: Then, why does the Minister take power to sell?

Hon. Mr. MARSHALL: I am bound to say that I cannot answer that. It may be that the Bill was drafted by a lawyer and he provided for everything.

Hon. Mr. CALDER: It is quite possible that, in undertaking a conservation scheme, those in charge might have to buy a whole quarter-section or a half-section, but of that area perhaps only three-fifths could be used for the purpose under development, and the rest, not being required for any other purpose, would be sold.

Hon. Mr. MARSHALL: I can quite appreciate a situation such as the honourable member mentions. I am quite sure it is not the intention of the Minister or the department to go into the business of buying or selling land. But if land is bought for a special purpose, some of it may not be required, may be just outside a fence that is erected, and that portion which is not required may be sold.

This scheme was started by one Government and has been carried on by another. It has cost some money, but I have a good deal of faith in public men. I have been mixed up in politics for about half a century, and I have found that as a rule about 99 per cent of the members of governments try to do their very best for the country. Frequently they are a little more anxious to do

a good piece of business for the country or for their Government than they would be to do it on their own account.

Hon. Mr. CALDER: I wonder if my honourable friend has always said that about all members of all Governments.

Hon. Mr. MARSHALL: No. I would not quite take in the whole lot. I remember a deputation telling the late Arthur Sifton if they were given support to build a railway 200 miles north of the Peace river, they could develop enough wealth to pay off the whole national debt of Canada. He inquired, "Do you think it would be fair to ask them to pay it all?" It might not be safe to be too inclusive. But, seriously, public men who occupy responsible positions generally endeavour to do their very best for the country. Mr. Weir was a citizen of the West and interested in its farming. I am quite sure that had he gone on in charge of this development—for I regard it as a development—he would have striven to the utmost to see that it was well administered. I am sure that the present Minister of Agriculture will do the same.

After all, the thing we want to do is to rescue from farming the lands in Western Canada that are unfit for the growing of crops, and to get the people out there back into the raising of more live stock. Nothing will encourage that so much as the providing of these pastures.

The amendments respecting the committee that were discussed by my right honourable friend opposite (Right Hon. Mr. Meighen) are not in this Bill at all. They were passed last year by this honourable House and in another place. So they are really not before us for consideration now. The only matter for consideration is really the addition of clauses 10, 11 and 12 to enable the Minister to do what, after all, the Act entitles him to do. However, he and a number of the officials thought it would be much better to have the authority incorporated in the Act. The chairman of this committee is still Dr. Archibald, who, as superintendent of the Experimental Farms, has given more than an ordinary amount of attention to the drought and soil-drifting areas in Western Canada. He has studied conditions out there perhaps more than any other man who has been in charge of work of that kind. Undoubtedly he is highly qualified to do this job. Three committees are functioning to-day. One is an advisory committee composed of Dr. Barton, Deputy Minister, Dr. Archibald, who is chairman of the other committee, and Mr. R. A. Olmsted, the legal adviser in the department.

I think the amendments are reasonable, as any expenditure has to be voted by Parliament. This development in Western Canada is very important. We hear rumours of other bills to come before this House during the present session with respect to the wheat question. I believe that its final solution will be found in just such measures as this to enable farmers to adopt a better system of farming, a system which is likely to be of more lasting value than anything that has been attempted in the past.

Hon. Mr. HAIG: May I ask the honourable gentlemen, under what policy was certain money spent near Saskatoon on the Saskatchewan river? Was it under the Prairie Farm Rehabilitation Act?

Hon. Mr. DANDURAND: I cannot answer at the moment, but I may tell my honourable friend that when the Bill is in committee I shall have an official from the Department of Agriculture present to give the information.

Hon. Mr. HAIG: I should like to have it.

Hon. R. B. HORNER: Honourable senators, I have on former occasions heard the honourable senator from Peel (Hon. Mr. Marshall) say there was great hope for Western Canada if it would go into cattle raising on a larger scale. Those pastures will be of great assistance along that line. In Saskatchewan during the last few years of drought many cattle were sold for a cent to a cent and a half a pound, but in spite of that the prices received for the few remaining cattle are not sufficient. To-day we are paying nine cents a pound for dairy butter. I wonder if the honourable gentleman thinks our cattle herds can be increased to any extent without a better market for butter.

Hon. Mr. MARSHALL: My honourable friend knows there is no excuse for anybody trying to market dairy butter to-day. It simply is not marketable anywhere in Canada except at some special market like the St. Lawrence market in Toronto. As a matter of fact our people do not buy dairy butter.

Hon. Mr. HORNER: I do not agree with my honourable friend at all. Many people prefer dairy butter to creamery butter. I do myself.

Hon. Mr. DANDURAND: Honourable senators, I quite expected that my right honourable friend (Right Hon. Mr. Meighen) would examine from a strictly legal standpoint the safeguards in the original Act as amended in 1937. But that is what I may term a theoretical examination. He has apparently not read the whole of the debate in

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the other House. Had he done so, he would be aware of the practical work done under this legislation, and I think he would conclude that the safeguards are far superior to those which he thinks he could find in the Act. I would draw his attention to the fact that the various schemes are being carried on under the eyes of the people who are interested in them—municipal representatives, inspectors of the provincial governments, and members of Parliament for the local ridings. I have never seen more interest evinced by members of the House of Commons from those provinces than in the work now being carried on under the Act. I have heard nothing expressed but commendation and a desire that the work should be continued. And quite naturally so. One or two members have said: "A large sum of money is being spent. The Minister should be careful to have the supervision and accounting as thorough as possible." I think they have been.

I am quite sure that if my honourable friends had read this debate twice, as I did in order to know exactly the situation, we should have heard very little criticism of the practical application of the Act. Let me give honourable members some information with respect to the pastures. They are organized in this way—

Right Hon. Mr. MEIGHEN: The honourable gentleman must remember I am not impeaching the work. I am impeaching the removal of safeguards that existed abundantly, and should exist here.

Hon. Mr. DANDURAND: Under clause 7 of the original Act considerable power was given to the Minister to have the work supervised by an advisory board composed of competent men interested in the work. The Canadian National, the Canadian Pacific, the municipalities, the provinces—all are interested, and they are represented. Surely that is a safeguard. The work is done, not directly by the Minister, but by men who throughout those provinces represent the Department of Agriculture. Thousands of schemes are presented, and, as my right honourable friend knows very well, neither Mr. Weir nor Mr. Gardiner could express an opinion on each scheme. They must rely upon the men doing the work in the field and upon the supervision exercised by the department.

The pastures are organized in this way:

First, the municipality approaches the Provincial Government and asks to have a certain area organized into a pasture. The Provincial Government undertakes to have the lands evacuated by any persons who are living within the area. They usually succeed up to a point where only one or two are left. We then investigate the pasture to see whether it is possible to

get those people who remain moved out on to lands immediately adjacent. We then put a fence round the lands and make them available to the people who are living roundabout. They pay a fee for putting their live stock into the pasture, and these fees are supposed to cover all costs of maintenance, including the maintaining of the fences and the paying of the pasture manager. We assist as a Government in raising the standard of the live stock within that pasture. The Government inspector decides how many cattle the pasture will carry. The grass is investigated by a man having the technical skill necessary to determine how many cattle or how many cattle and horses can be carried. We then take in the farmers in the first mile round the pasture, then those in the second mile, and so on until we get a sufficient number of farmers having approximately two-thirds of the stock the pasture will carry. The farmers are then asked to form themselves into a community pasture association and appoint a committee to operate the pasture. We allow them to divide up the acreage and determine how much live stock in relation to the acreage shall be put in. We set up certain regulations which apply to the pasture. Honourable members may want to know the reason for placing the limit at two-thirds. In all probability after these men have gained a little experience they will want to add to their own herds or admit other farmers to the pasture. We leave it to them to determine what shall be done within certain limits, but we do not permit them to put in more cattle than the lands will properly carry.

That is only one feature of the work being carried on. Millions of dollars have been spent, but I feel that the Minister, Hon. Mr. Weir, who initiated the legislation, knew what was required and planned his work in a satisfactory way. He took authority under the advice of a board and with the consent of his colleagues by Order in Council. I am quite sure that if my right honourable friend had read the whole of the debates that took place at various times in the other House he would have felt there was an atmosphere of confidence throughout the West as to the manner in which these moneys were being expended.

Right Hon. Mr. MEIGHEN: I read all the debates, but when something was said twice I did not read it a second time. That is all.

Hon. Mr. DANDURAND: I had to deal with the Bill here, and therefore I gave a few extra hours to a careful study of those debates. I need not weary the House with a statement of all that is being done under the Act. It is sufficient to say that the Federal Government are carrying on exceptionally successful work in the three Prairie Provinces. I move the second reading of the Bill.

Hon. HENRY A. MULLINS: Honourable members, I should like to discuss this Bill from a background of over fifty years' experience in the district where the expenditure is to be made. When I hear of vast sums being voted from time to time to carry out various

enterprises I wonder what is going to happen to the financial credit of this Dominion. I am surprised at some of the statements of the honourable member from Peel (Hon. Mr. Marshall). He knows as well as I do that the land he is talking of rehabilitating is useless to anyone. No doubt he has read John W. Dafoe's book in which the author recalls that Mr. Sifton said the land south of the main line of the Canadian Pacific Railway should never have been taken from the rancher.

For the information of some honourable members who do not understand that country, I may say that it is impossible to bring the land back again to pasture. The honourable gentleman from Peel knows that as well as I do. After you break the prairie and touch the virgin soil you cannot bring it back into pasture; you will have only a mass of weeds for your pains. I see other honourable members nodding their heads. They know the truth of what I am saying. A good many years ago I leased from the Government 20,000 acres south of Medicine Hat, where it is proposed to make this expenditure. Let me say at once that you might as well throw the money into Lake Ontario as put it into that arid district. Once the old bunch grass has been ploughed up you cannot bring it back again.

I remember when Sir Lester Kay owned 100,000 acres of land from Swift Current west. He tried to grow wheat there. He had water carts to water the land, and he tried everything, but without success. He lost his money and finally sold his 100,000 acres and 5,000 choice cattle to Mr. Andrews, who afterwards turned the cattle loose on the range and used the land for ranching purposes only. Talk about bringing that land back to pasture by watering it! One good week's sunshine would dry up all the water in one of the ditches. The thing is absurd.

While I am on my feet, I may say that the acoustics of this Chamber is so bad that over here we have considerable difficulty in hearing the discussion clearly.

The proposed rehabilitation work is the greatest farce I ever heard of, and the honourable senator from Peel knows that just as well as I; and so does my honourable friend from High River (Hon. Mr. Riley). The honourable gentleman from Peel was all through that country for several years. It is easy enough to get evidence that you should not, at a time like this, make such heavy expenditure on land of that description.

My honourable friend from Peel the other day told us something about the cattle industry, and I thought at the time he was entirely wrong. I kept silent until I could be certain. Later I found he was right. I

agree with him in what he said then in regard to the shipping of beef. But, I repeat, the land proposed to be rehabilitated is suitable only for the rancher, and if you spend money as suggested you are simply wasting it.

Hon. Mr. MARSHALL: You are only going to fence it.

Hon. Mr. MULLINS: You know how much acreage you need under a fence in Western Canada. Surely the people should be advised by those who know something about the matter. It takes twenty acres to feed a bullock if it is under a fence. I do not know about the technicalities of the Bill. I am not bothering about those. My life has been forged upon the broad anvil of Western Canada, and when it comes to a project of this kind I cannot help saying it is entirely wrong on the part of the Government to put money into it.

Hon. Mr. DANDURAND: I may say in answer to my honourable friend that community pastures are specifically for the purpose of taking sub-marginal or non-productive land out of cultivation.

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. Léger in the Chair.

Hon. Mr. DANDURAND: I would ask Mr. Stephenson, of the Department of Agriculture, to come to the floor.

On section 1—appropriations:

Hon. Mr. HAIG: Will the Minister answer my question now? Was any of the money appropriated under this Act spent on damming the Saskatchewan river above Saskatoon? If so, under what authority was it spent?

Hon. Mr. DANDURAND: I understand that money was spent under a vote for water storage in 1938-39.

Hon. Mr. HAIG: Was that under the provisions of this Bill?

Hon. Mr. DANDURAND: Yes, it would be.

Hon. Mr. HAIG: That is all I want to know. I do not think the damming of the Saskatchewan river above Saskatoon has anything to do with the conservation of water for the farmers of Western Canada.

Hon. Mr. MARSHALL: Oh, yes.

Hon. Mr. MULLINS.

Hon. Mr. HAIG: I do not think so. I understand that \$350,000 has been spent.

Hon. Mr. DANDURAND: \$243,000.

Hon. Mr. HAIG: I understand the cost is going to run over the estimate.

Take for instance the Souris river, which rises in the United States, runs north, and then through the eastern part of Saskatchewan, and joins the Saskatchewan river at about the middle of Manitoba. That river has dams in four or five places, and last year there was not enough rain to fill them all, and two or three of those dams had no water in them last August.

Now as to the lands that are brought under fencing. I happened to own a section of that kind in the province of Saskatchewan. The Government of Saskatchewan wrote and asked me to give them the land. Well, the land was not worth anything, though I had been fool enough to pay taxes on it, and I was glad enough to give it away.

I think there must be at least twelve thousand and there may be more acres of land where there are dugouts to catch the snow-water in the spring. If those fill up there will be snow-water for a good part of the year. I can support what has been done in the Western Provinces in the way of dugouts. That scheme is all right. What I am objecting to is the expenditure of \$243,000 in damming the Saskatchewan river, which cannot by any stretch of the imagination be regarded as a work of water conservation for the farmer. It may be fine for the city of Saskatoon, and I think it is.

Hon. Mr. CALDER: And Moose Jaw.

Hon. Mr. HAIG: The water has not yet been used in Moose Jaw. But I am objecting to an expenditure of \$243,000 on a scheme that has nothing to do with the flooding of land in the dried-out area. That is why I say the Bill, in giving power to the Minister, is going away beyond the intention of the Act. The intention was that under the Act works such as the damming of the Souris river should be undertaken if, as a result, the farmers would benefit by reason of having water storage for their cattle and horses. It is a good scheme, and practicable, to dam those large tracts of lands and fence them if, as the honourable senator from Peel (Hon. Mr. Marshall) has said, the land will hold water. In the Red River Valley there is a clay bottom, and it will hold water; but in certain areas in Saskatchewan there is a sand bottom, and the water will just seep away.

I say you should not give the Minister power to build a dam on the Saskatchewan

river wherever he likes. That is wrong. I do not say the dam I have referred to should not have been built, but it should not have been built under this legislation.

Right Hon. Mr. MEIGHEN: What purpose is that dam serving now? Is it supplying water for a city?

Hon. Mr. HAIG: Saskatoon gets its water out of the Saskatchewan river above the city. Two years ago, and the year before, the people were fearful that the river would run dry, and this dam was put in as a reservoir to hold the water.

Hon. Mr. CALDER: Is that not conserving water?

Right Hon. Mr. MEIGHEN: Not for farmers.

Hon. Mr. HAIG: Not in the sense of helping agriculture or cattle raising. It has nothing to do with the original intention of the Bill.

Hon. Mr. CALDER: I think the honourable member should look farther ahead. In addition to conserving water for the growing of crops you must conserve water so that the people can continue to live. I have known of conditions in the West under which people had to haul water a distance of from ten to fifteen miles for their cattle and their horses. If by building a dam across the Saskatchewan river it is possible to provide the people in the community with water, it would be a conservation of water and would, I think, come under this law.

Hon. Mr. DANDURAND: I said this money was spent under the Prairie Farm Rehabilitation Act, but the appropriation read: "Prairie Farm Rehabilitation Act and Water Storage." The water storage in this instance was not related to the rehabilitation of farmers, although the work was carried out under the supervision of the Prairie Farm Rehabilitation engineers.

Hon. Mr. HAIG: What the honourable member from Saltcoats (Hon. Mr. Calder) says does not alter the principle of the Bill. I am willing that the Government should vote money for storing up water in rivers for the purpose of supplying cities. Winnipeg would have liked to have that done, but that city had to spend its own money.

Hon. Mr. CALDER: As a matter of fact, many of these small dugouts that are scattered over the prairies are for the purpose of ensuring the people a supply of water to drink, not for putting the land into condition to grow crops.

Hon. Mr. HAIG: Oh, no.

Hon. Mr. CALDER: I know it is true.

Hon. Mr. HAIG: The dugouts to which my honourable friend refers have been built during the last thirty years, to my personal knowledge, and have been provided by the farmers themselves. You can get a very fine dugout, twenty feet deep by fifty feet wide and one hundred feet long, for one hundred dollars. The work is done with steam shovels.

Hon. Mr. CALDER: Away back in the early nineties the old Territorial Government were providing money for these dugouts in order that the people might have water.

Hon. Mr. HAIG: My honourable friend misses my point. The honourable member from Peel (Hon. Mr. Marshall) praised the Government for doing this thing for the purpose of rehabilitating agriculture, but a great deal of the money has been spent in other ways, and that is why the expenditure has increased so much. I do not think that works like the damming of the Saskatchewan for the benefit of the city of Saskatoon are part of the scheme under the Act.

Hon. Mr. DANDURAND: It was a special vote for the purpose.

Section 1 was agreed to.

On section 2—agreement with the provinces, cities, etc.:

The CHAIRMAN: Shall I read the section?

Right Hon. Mr. MEIGHEN: I understand an amendment is to be proposed. Except for the clause that is to be amended, the Act is simple and as plain as day, and there is no need to read anything. Has the Minister an amendment to move?

Hon. Mr. DANDURAND: No.

Section 2 was agreed to.

The preamble and the title were agreed to.

The Bill was reported.

THIRD READING

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

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

PRIVATE BILL

REFUND OF FEES

Right Hon. Mr. MEIGHEN: Honourable members, I understand that in respect of church measures it is usual to remit the fees.

If so, although it would have been more properly done under "Motions," I would now move, seconded by the honourable senator from Alma (Hon. Mr. Ballantyne):

That the parliamentary fees paid upon Bill H, an Act respecting the United Church of Canada, be refunded to Mr. George F. Macdonnell, K.C., solicitor for the petitioners, less printing and translation costs.

The motion was agreed to.

CONFERENCE WITH BRITISH
GOVERNMENT
INQUIRY

On the motion to adjourn:

Right Hon. Mr. MEIGHEN: Honourable members, I call the attention of the honourable leader of the Government to the questions which I put to him on the Orders of the Day on March 21, respecting communication with the British Government, the attitude of our present Government, and any previous consultations which had been held. The Minister answered at that time that he thought I should have given notice. I would have done so but that, as the matter must have been engaging the almost exclusive attention of the Government, I thought my honourable friend would have the information. I find no fault because no answer was given then; but none has come since, and I should like to have an answer to the question.

Hon. Mr. DANDURAND: I thought my answer covered the fact, which I learned afterwards. I am informed that the statement delivered by the Prime Minister was communicated to the representative of His Majesty's Government in Canada.

Right Hon. Mr. MEIGHEN: That answers the second question. Communicated by cable?

Hon. Mr. DANDURAND: No; to the High Commissioner of Great Britain in Canada.

Right Hon. Mr. MEIGHEN: That does not answer the first question. Was I correct in assuming that in respect of the present perilous condition of the world there had been no previous consultation at all between this Government and the British Government?

Hon. Mr. DANDURAND: Well, if my right honourable friend directs his question just on the phraseology that he has given me, I could get the answer; but I understand the right honourable the Prime Minister will make a statement which will cover that point.

Right Hon. Mr. MEIGHEN: He may and he may not.

Right Hon. Mr. MEIGHEN.

Hon. Mr. DANDURAND: If he does not, then I shall answer.

Right Hon. Mr. MEIGHEN: He is not good at covering points.

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

THE SENATE

Wednesday, March 29, 1939.

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

Prayers and routine proceedings.

PRIVATE BILLS
REPORT OF COMMITTEE

Hon. C. E. TANNER presented the report of the Standing Committee on Miscellaneous Private Bills on Bill K, an Act to incorporate The Board of American Missions of The United Lutheran Church in America (Canada).

He said: Honourable senators, on the motion for second reading of this Bill a number of objections were raised with respect to it. When the Bill came before the committee it was referred to Parliamentary Counsel, who conferred with the promoters. He submitted to them certain amendments, to which they agreed and of which the committee approve. Some of these amendments are substantial, in order to meet the objections to which I have referred, and others are merely clerical.

I move that the amendments be taken into consideration to-morrow. They will be printed in the minutes; so honourable members will see exactly what is proposed.

The motion was agreed to.

MOTION FOR REFUND OF FEES

Hon. Mr. MORAUD moved:

That the parliamentary fees paid during the 1937 session upon Bill H, an Act respecting Industrial Loan and Finance Corporation, be refunded to the Corporation, less printing and translation costs.

Hon. Mr. DANDURAND: May I ask my honourable friend what happened to the Bill?

Hon. Mr. MORAUD: This Bill was presented in the Senate, and died in the House of Commons.

Hon. Mr. DANDURAND: Was it rejected?

Hon. Mr. MORAUD: It was not rejected, but it died by reason of not receiving third reading before the session came to an end.

I am told it is the custom in such cases to refund the fees, less the cost of printing and translation.

Hon. Mr. DANDURAND: Was it withdrawn because of impending legislation?

Hon. Mr. MORAUD: It was left pending because, I understand, a committee was formed to study similar legislation; and in the meantime the Bill died. It was not read a third time.

Hon. Mr. MURDOCK: I hope my honourable friend who sponsors this motion will not regard anything I say about this as personal in any way. I shall be quite satisfied with whatever the Senate determines to do. I wish, however, to bring to the attention of the Senate a situation that is somewhat similar, the circumstances of which most honourable gentlemen have not had an opportunity to consider. Here we have a request from the Industrial Loan and Finance Corporation for a refund of fees paid two years ago. The other day, in another room in this building, a committee had before it a request from a poor fellow who, as I recall, was a janitor, and who a couple of years ago secured a divorce. At that time he paid all the fees required of him. Since then he appears to have learned that very often fees are refunded to those who make application for divorce, if they are in hard luck. So he came along and asked for a refund of the fees he had paid two years ago. Now, many of us here are interested in conserving money for the people of Canada, and some of us wax very eloquent about it, and, with reference to what I have said, I want to ask if we are going to give an illustration of the Biblical adage that "Unto every one that hath shall be given, but from him that hath not, even that which he hath shall be taken away." The poor janitor could not get a refund, though there is, I think, no doubt that if he had asked for it at the time of the divorce it would have been granted. In view of these circumstances, can we do what is proposed by this motion?

Yesterday we granted a refund of fees in response to an application made on behalf of a church, and we have to-day had notice of a similar motion with respect to another church. I think that is consistent with the income tax law, under which we are allowed a deduction of money given to charitable purposes. But we have heard what the finance corporations do in the line of business, and I wonder whether, under the circumstances, we should make a refund to this concern, which put the money into the pot in order to get a Bill satisfactory to it, but was turned down in another place.

Hon. Mr. MORAUD: It was not turned down.

Hon. Mr. MURDOCK: Well, the Bill was not dealt with in another place. I do not know that this amounts to very much; but can we afford to establish the principle of refunding moneys that for two years have been the property of the Federal Government, just because someone comes along and asks for a refund? If so, the Divorce Committee, of which I am a member, ought to give the poor janitor another shake at the dice box and another chance to get his money back.

Hon. Mr. DONNELLY: Honourable members, I do not think the comparison made is quite appropriate. In the case which the honourable senator speaks of, the man got his divorce, and application was made for a refund on the ground of compassion. In this case the refund is asked, not from the Senate, but from Parliament, and it relates to a Bill which came properly before Parliament and was neither accepted nor rejected, but died on the way. The application is being made on the ground that the Bill was not dealt with by Parliament.

Hon. Mr. DANDURAND: I would suggest to my honourable friend (Hon. Mr. Moraud) that he postpone his motion so that I may look into the practice of the Senate and the House of Commons in regard to such matters.

Hon. Mr. SINCLAIR: I move the adjournment of the debate.

The debate was adjourned.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. ROBINSON, Chairman of the Committee on Divorce, presented the following Bills, which were severally read the first time:

Bill A2, an Act for the relief of Constance Lillian Talbot Mais Pocock.

Bill B2, an Act for the relief of Edith Cecilia Shaw Mayne.

Bill C2, an Act for the relief of Leslie William Bond.

COST OF THE SENATE

QUESTION OF PRIVILEGE

On the Orders of the Day:

Hon. C. C. BALLANTYNE: Honourable members, before the Orders of the Day are called, I desire to refer briefly to a matter of considerable importance affecting this honourable Chamber.

The Canadian Chamber of Commerce is a very large and influential organization, extending all over the Dominion of Canada. Its official organ is called "Canadian Business." On page 37 of the March number of this publication there appears under the title "Ottawa Legislates" the following item:

Two months have now gone by in dilatory debate and Parliament has not yet passed a single vital piece of legislation. In fact, the Senate at \$5,000,000 per annum has gone home to roost for a second time because of the dearth of legislation for it to consider.

I have had the actual figures of the cost of maintaining the Senate looked up, and these have been audited and certified to. Honourable senators will be pleased to know that the total is only \$577,342.62. There is a great disparity between the real annual cost of the Senate and the amount of \$5,000,000 which was erroneously stated in this article. I hope that in the next issue of its organ the Canadian Chamber of Commerce will see that the figures are corrected and that an ample apology is made.

Hon. Mr. DANDURAND: May I add that during the last twenty years there have been many discussions as to the cost of the Senate to the ratepayers of Canada, and we found that the annual interest on the money which the Senate had saved through its action with respect to certain legislation was larger than the amount spent by the Treasury every year on the Senate. Millions have been saved by this Chamber. I may say that in 1912 or 1913 the Senate rejected a vote of \$35,000,000 for dreadnoughts which Mr. Winston Churchill asserted were needed by the Admiralty and which were already on the stocks in Great Britain. I will not discuss the value of the policy adopted by the Senate at that time. I merely wish to point out that the interest on \$35,000,000 at 4 per cent would pay for the cost of the Senate for quite a number of years.

Right Hon. Mr. MEIGHEN: I should be the last to boast of that saving.

Hon. Mr. DANDURAND: I know. That is why I am not going into the merits of the matter.

Right Hon. Mr. MEIGHEN: Had the Senate no other reason for existing than its conduct at that time, I should be in favour of its immediately raising the white flag, surrendering, and saving the half-million of annual cost. But my purpose in rising is mostly to say that I do not think the journal which was quoted intended its article to be in any way an attack on the Senate.

Hon. Mr. BALLANTYNE: No.

Hon. Mr. BALLANTYNE.

Right Hon. Mr. MEIGHEN: I think it is quite proper that the figures stated there should be corrected. The intention of the article was to complain that we had not worked when we should have worked. Probably the mention of \$5,000,000 instead of half a million was merely, as I say, an unintentional error; or it may have been what the very distinguished man who was quoted by the leader of the Government once called a terminological inexactitude.

PRICE SPREADS—REMEDIAL MEASURES

CRITICISM OF RETURN

Hon. ARTHUR SAUVE: Honourable senators, on February 14 last I asked the Government the following questions:

1. Is it a fact that the Government have taken steps to redress the abuses mentioned in the report of the royal investigating commission appointed by a resolution of the House of Commons on February 2, 1934, with power to seek and examine the causes of the wide spread between the price received by the producer for his goods and the price paid by the consumer for the said goods; also to study the system of distribution of farm produce and other natural products, and manufactured products, etc., in Canada?

2. If so, what measures were taken in that respect?

Yesterday the Government brought down a return, answering the questions in a manner which I consider not proper. To explain the uncommon delay in replying, the Government from time to time pleaded illness. A sorry convalescence caused to be brought to the honourable leader of this House yesterday a voluminous answer, which, being over-heavy for our thin Debates of the Senate, was laid on the Table. After reading the document I am convinced that the venerable leader might have found it more appropriate to answer as follows:

The present Government have done nothing. But the previous Government adopted measures which, although approved by Parliament and sanctioned by the Governor, were declared ultra vires by the Judicial Committee of the Privy Council.

I say this because the document produced yesterday contained nothing but copies of Acts adopted in 1934 and 1935, Orders in Council passed by the Bennett Government, and three very short letters from three deputy ministers, stating to their respective ministers that they found nothing on the subject in the legislation of the Government since 1935. Now I understand the sufferings of one of the victims of sleeping sickness.

I understand also that for a government of democrats, a government of the people, by the people, for the people, the peculiar procedure adopted towards the Senate might be worrying.

Hon. Mr. DANDURAND: If honourable members will read the honourable gentleman's inquiry they will find that it bears on the whole economic policy of the Government. That whole policy, as effected through the tariff and agreements with various countries, has contributed to a certain extent in working towards the goal urged in the Price Spreads Commission's report. The subject is too large to be treated in a simple question to the Government, and my honourable friend from Rigaud (Hon. Mr. Sauvé) knows that very well.

He speaks of sleeping sickness. Would honourable members allow me to recall an incident that may be interesting, and perhaps amusing? When Mr. Lloyd George was justly overthrown by the Conservative party in England, he was replaced by Mr. Bonar Law. Mr. Bonar Law's first statement was that Great Britain was somewhat tired of the exciting agitations carried on by the previous Government and wanted a bit of rest. A daughter of another ex-prime minister, later Earl Asquith, said, "We had St. Vitus's dance, but now we have sleeping sickness."

Right Hon. Mr. MEIGHEN: The honourable senator from Rigaud (Hon. Mr. Sauvé) has been, I think, quite unreasonable with the Administration, and I sympathize with the honourable leader of the Government (Hon. Mr. Dandurand). One should never expect a government to make a naked acknowledgment of failure. When the honourable senator from Rigaud asks what they have done to remedy a situation which they themselves declared was existing, he should not expect them to say anything. He should allow them all the latitude of euphony which they can possibly exercise. Such latitude is all that the honourable leader of the Government has availed himself of.

Hon. Mr. DANDURAND: The late Government brought down a policy which was disallowed by the Privy Council. The present Government, in developing their economic policy, have tried to do something towards curing the evils mentioned in the Price Spreads Commission's report.

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

THE SENATE

Thursday, March 30, 1939.

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

Prayers and routine proceedings.

PRIVATE BILLS

THIRD READINGS

Bill 8, an Act respecting The Quebec Railway, Light and Power Company.—Hon. Mr. L'Espérance.

Bill B, an Act to ratify and confirm the agreement respecting the joint use by Canadian Pacific Railway Company and the Midland Railway Company of Manitoba of certain tracks and premises of Canadian Pacific Railway Company at Winnipeg, Manitoba.—Hon. Mr. McMeans.

Bill U, an Act respecting the Sterling Insurance Company of Canada.—Hon. Mr. Parent.

CARIBOO, N.S., HARBOUR AND TERMINALS

ORDER FOR RETURN

Hon. Mr. TANNER moved:

That an Order of the Senate do issue for a return by the Government to include:

1. Copies of engineer reports and estimates in reference to provision of harbour and terminal accommodation at Cariboo, in the county of Pictou, Nova Scotia, for proposed ferry service between Cariboo and Wood Islands, Prince Edward Island.

2. Description and area of lands acquired or to be acquired for the purposes of said harbour and terminals, names of persons from whom such lands are acquired or to be acquired, and the prices to be paid for same.

3. Description of wharfs, buildings, navigation lights and other structures and works to be established for the purposes of the said harbour and terminal accommodation, and the estimated cost of the same respectively.

4. Copies of specifications and contract for dredging at Cariboo.

5. Copies of communications and representations to Government or any department of Government from the town council of the town of Pictou and the Board of Trade of said town in reference to the proposed ferry service, harbour and terminals.

The motion was agreed to.

PRIVATE BILL

REFUND OF FEES

Hon. Mr. MURDOCK, for Hon. Mr. Duff, moved:

That the parliamentary fees paid upon the Bill I, intituled "An Act to incorporate The Trustee Board of The Presbyterian Church in Canada," be refunded to Mr. George F. Macdonnell, K.C., solicitor for the petitioners, less printing and translation costs.

The motion was agreed to.

BRITISH NORTH AMERICA ACT
 PARLIAMENTARY COUNSEL'S REPORT—
 TRANSLATION AND DISTRIBUTION

On the Orders of the Day:

(Translation)

Hon. ARTHUR SAUVE: I wish to ask the honourable leader of the Senate whether the French version of the report of Mr. William O'Connor, legal adviser to the Senate, respecting the British North America Act, has been printed, and, if so, when it is to be distributed.

Hon. RAOUL DANDURAND: I may tell my honourable friend that the report to which he refers has been printed and that a copy is at the disposal of the members of the Senate.

Hon. Mr. SAUVE: I refer to the French version.

Hon. Mr. DANDURAND: The French version has not come to me. I may say, however, that the translation will probably take some time and that, if necessary, I shall give orders for an increase of the translation staff, or at least see that the Translation Bureau assigns a sufficient number of its staff to this considerable task. I do not know how long the translation work will take, but I will insist on its being completed with the least possible delay.

Hon. Mr. SAUVE: Let us be serious. I am informed that not a line of the report has been translated and that no orders have been given for the preparation and distribution of a French version.

I take this opportunity of pointing out that the French language is too frequently ignored in connection with documents of the Senate. For instance, the French edition of the Debates of the Senate arrives most of the time five or six days later than the English edition. This should not be tolerated. In the Senate, as in the House of Commons, the French language enjoys constitutional rights, and I insist upon their recognition. Moreover, the public interest demands that the O'Connor report be published in the two official languages and widely distributed, so that the leaders of the two mother-races may be able to give it deep and profitable study. Failure to do so would expose us to expressions of opinion based on incomplete analyses or inaccurate data.

Hon. Mr. DANDURAND: My honourable friend has drawn attention to the fact that the Senate Hansard is not distributed on time. The matter had not been brought to my knowledge. In addition, he says that Mr. O'Connor's report, laid on the Table yesterday, has not yet been translated. The Senate received it only yesterday. I do not see the necessity of passing a resolution on the subject.

Hon. Mr. MURDOCK.

The translation of the report will be effected in the natural course of things. Should there be undue delay, it goes without saying that we could ask the Translation Bureau to assign a certain number of translators to the work.

Right Hon. ARTHUR MEIGHEN (Text): Honourable members, I was not able to understand everything that was said by the honourable gentleman from Rigaud (Hon. Mr. Sauvé) and the honourable leader of the House (Hon. Mr. Dandurand), but I think I have the purport of it. This report by our Parliamentary Counsel is undoubtedly going to receive very much attention throughout the country. I have already received requests for copies. Copies will no doubt be produced in each language, because, if ever there was a report of common interest to the two large sections of our people, it is this one. I should like the honourable leader to explain generally what is the Government's plan as to the number of copies to be printed, and their distribution. I will not suggest any unnecessarily large number, as I know the book will be an expensive one, but there should be enough copies to meet a large demand.

Hon. Mr. DANDURAND: I have been asked about the translation of Mr. O'Connor's report. I have not yet had occasion to read the document, but I intend to do so during the recess; and I have no doubt I shall find it very interesting, because it deals with questions which engross the minds of all who are interested in constitutional affairs. I take it for granted that when such a report is brought to the House no special resolution is needed for laying on the Table a copy in each language. So now the question is reduced to this level: how long will it take to make a translation? That cannot be done overnight. If the Bureau for Translations needs to assign a certain number of translators to this work exclusively, this should be done, in order that the French version may be distributed as well as the English.

RIGHT HON. GEORGE P. GRAHAM
 BIRTHDAY FELICITATIONS

On the Orders of the day:

Hon. RAOUL DANDURAND: Honourable senators, it is my agreeable duty to draw attention to the fact that one of our senior colleagues will to-morrow reach his eightieth birthday. I refer to my right honourable friend at my right (Right Hon. Mr. Graham). I have thought it proper to signalize that fact by wishing him, in your name, many more years, and expressing the hope that we may have him constantly among us for

a long time to come. It is unnecessary to say how much his qualities have endeared him. To everybody who knows him at all he is known as the popular George P. Graham. I leave it to your imagination to suggest what qualities are needed to make one so popular. We all join in wishing him many happy returns of the day.

Hon. SENATORS: Hear, hear.

Right Hon. ARTHUR MEIGHEN: Honourable members, it goes without saying that we on this side join with alacrity and fervour in the good words of the honourable leader of the House as respects the right honourable senator from Eganville (Right Hon. Mr. Graham). He has been with us a considerable time. I have been associated with him—if that is the right phrase—

Right Hon. Mr. GRAHAM: It is.

Right Hon. Mr. MEIGHEN:—for a very much longer time. I can assure him that if within my short period still to come he should disappear from this House, it will never be quite the same again. He has endeared himself to his colleagues, it is true; and if report be correct, as to an honour to be tendered him by the ladies of the Senate staff, we shall all know why it is that he has endeared himself far beyond the range of his colleagues, and in a much more envied circle.

Hon. A. B. COPP: Honourable members, I am sure no one will object if I rise to join the leaders on both sides of the House in tendering congratulations and tribute to my good friend Senator Graham. The right honourable gentleman opposite (Right Hon. Mr. Meighen) said he had been associated with Senator Graham for a long time. So have I. It is something like twenty-five years since I first knew him, and during the past twelve years we have been room-mates, and very closely associated. Honourable members could spend many an hour discussing the distinguished service he has given to this country, and we all know of his loyal and humanitarian attitude towards his friends and everyone who comes into contact with him. I feel that if it could be said of anybody that he grew old gracefully, that can be said of George P. Graham. My associations with him have kept me years younger than I otherwise should have been. In joining in the congratulations to Senator Graham I couple with his name that of his wife, who has kept him so well over a long period. We all wish him the very best of health, and hope he will continue to be one of the members of this honourable body for a long time to come.

Right Hon. GEORGE P. GRAHAM: Honourable members, I feel that I have to be more delicate than perhaps I should be if our House were still composed of men only. But for that, I might not speak as guardedly as those who have preceded me. They are just as bad as I am, but they seem to shroud it in some way. I am likely to burst out at the wrong time. Years ago—I am sure it must have been years ago—I moved in the Ontario Legislature a resolution knocking the Senate. I did that only once, and I apologize now. I did not know at the time that I already had one end of the string drawn around me.

I have enjoyed myself in the Senate, because I did not have to carry around the battering rams which I found it necessary to keep by me when I was in another place. When I came over here I felt I had to do a little reconnoitering in order to get accustomed to the place. Men whom I thought I had opposed, I found out, I had not opposed at all. I really got to be as mild as the mildest. The right honourable gentleman opposite (Right Hon. Mr. Meighen) has been my good friend ever since I first saw him poke his nose into the House of Commons, and I do not think that when we get to the next world it will make any difference which railway we were for. We shall be glad to have taken any chance we could get to arrive there.

Hon. Mr. BALLANTYNE: We shall be for unified management, anyway.

Right Hon. Mr. GRAHAM: It will have to be that, to get us in.

I want to acknowledge with very much thankfulness the kindness of the young ladies of the Senate staff, who, with good judgment and good sense—

Hon. Mr. HAIG: Hear, hear.

Right Hon. Mr. GRAHAM:—came to the conclusion, after a good deal of discussion, I think, that if they were going to venture to entertain any member of the Senate, it would have to be the mildest man in it. They selected me, and I have been given the freedom of the whole city. I want to thank them very cordially, because they have been more than kind.

I do not know what to say about the action of my honourable friend to the left (Hon. Mr. Dandurand) in telling how old I am. I was beginning to take Nestlé's food, and other dishes especially prepared for the young.

It is a pleasure to be in an atmosphere of this kind. Sometimes you may think the other man is wrong, in spots. But it is a pleasure to work with a man who is wrong in spots, if you know it.

I want to thank my honourable friend from Westmorland (Hon. Mr. Copp). He does not altogether repay, I think, what I have lost to him, but I thank him for repaying as far as he possibly can and getting into the company of thanksgivers.

If there is anything I can do to keep peace in the Senate, you may rest assured that I shall be happy to do it. From our Hansard it appears to me that I have not done much at this session, anyway, to disturb the peace of anybody.

I want to thank the leaders and members of the House. I do not know which side they are on; I cannot see well enough to tell that unless I get close, and that is not proper in the Senate. I want to assure them that although I am thought to be getting old, I shall perhaps wake up one of these days, when I can see a little better, and say things in a manner that, while not closely resembling the manner I once used, will at least appear on the record and be an indication that I was not altogether a dead one at eighty.

DIVORCE BILLS

SECOND AND THIRD READINGS

On motion of Hon. Mr. Robinson, Chairman of the Committee on Divorce, the following Bills were severally read the second and third times, and passed, on division:

Bill V, an Act for the relief of Jean Winnifred Hunter Urquhart.

Bill W, an Act for the relief of Sarah Theresa Norman.

Bill X, an Act for the relief of Helen Kathleen Yuill.

Bill Y, an Act for the relief of Zdenka Pauline Ottilie Josefine von Ehrenfeld-Pop Drummond, otherwise known as Yvonne Drummond.

SMALL LOANS BILL

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill Z, an Act respecting Small Loans.

He said: Honourable senators, for the second time I now submit a Bill respecting small loans, the subject-matter of which was before the Senate two years ago, when its underlying principles were carefully studied.

I am not quite sure what procedure we followed when our Committee on Banking and Commerce reported on two private bills promoted by loan companies, and the general bill from the Department of Finance, which had been referred to that committee for examination. At that time the Department of Finance felt that no headway could be

made with the private bills until the House of Commons dealt with the matter generally through a special or standing committee. The other House was not then ready to take action on a general bill, because it was not informed of the conditions under which small loans were made throughout the country. It was a violent shock to its members to be asked to authorize loans at 2 per cent per month, or 24 per cent per year, and no progress could be made until the subject-matter was studied. The House of Commons had an opportunity of making that study last session. Now an atmosphere has been created which allows the Department of Finance to come forward with this Bill in the hope that the two branches of Parliament will accept it.

As the matter is fairly technical, I shall simply read two clauses of the Bill giving the reason for and the scope of the proposed legislation. This is the preamble:

Whereas it has become the common practice for money-lenders to make charges against borrowers claimed as discount, deduction from an advance, a commission, brokerage, chattel mortgage and recording fees, fines and penalties, or for inquiries, defaults or renewals, which, in truth and substance are, in whole or in part, compensation for the use of money loaned or for the acceptance of the risk of loss or are so mixed with such compensation as to be indistinguishable therefrom and are, in some cases, charges primarily payable by the lender but required by the lender to be paid by the borrowers; and whereas the result of these practices is to add to the cost of the loan without increasing the nominal rate of interest charged so that the provisions of the law relating to interest and usury have been rendered ineffective: Therefore His Majesty, by and with the advice and consent of the Senate and the House of Commons of Canada, enacts as follows.

The second clause contains this definition, among others:

In this Act, unless the context otherwise requires,

(a) "cost" of a loan means the whole of the cost of the loan to the borrower whether the same is called interest or is claimed as discount, deduction from an advance, commission, brokerage, chattel mortgage and recording fees, fines, penalties or charges for inquiries, defaults or renewals or otherwise, and whether paid to or charged by the lender or paid to or charged by any other person, and whether fixed and determined by the loan contract itself, or in whole or in part by any other collateral contract or document by which the charges, if any, imposed under the loan contract or the terms of the repayment of the loan are effectively varied.

I need not go through the other clauses, nor point out the difficulties the Finance Department had to meet in bringing the measure within the scope of our federal powers. I suggest that after the Bill has been given second reading it be referred to the

Banking and Commerce Committee for examination and report. I say this advisedly, because the membership of that committee is virtually as it was two years ago, when we had the same matter before us and studied it for upwards of a month.

I think that there will be no occasion to summon outside parties to give us advice. Of course, anyone who desires to lay his views before the committee will be welcome. The subject-matter has been studied from all angles by the incorporated loan companies. One of the main difficulties was the maximum rate to be allowed, but I believe they have now become reconciled to the idea of not requesting that the maximum be increased from 24 per cent to 30 per cent. I may say that in the United States there are several state enactments which allow a maximum rate on small loans of 30 per cent, and even a little more in some states. The Superintendent of Insurance has repeatedly declared that the incorporated loan companies can continue in the business at a maximum of 24 per cent. In those circumstances I do not think we shall be called upon to give so much time to the Bill as we did two years ago.

With this short explanation I move the second reading.

Right Hon. ARTHUR MEIGHEN: Honourable members, this is a subject which, as the leader of the House (Hon. Mr. Dandurand) says, we have dealt with very thoroughly and very extensively over a prolonged period, and consequently one with which we are quite familiar. I am very glad the Government have seen fit to bring in a measure of their own, and to introduce it in this House. I commend them for doing so. It is unfortunate that the Minister of Trade and Commerce is not here with one of his moving picture cameras to get this statement of mine immortalized, as would be expected by the senator from Vancouver South (Hon. Mr. Farris.)

Had the Bill come to us earlier, we probably could have made progress with it during the slack period; but even yet we shall have plenty of opportunity to do justice to it.

I have read it through and cannot see that it differs substantially from the Bill which, after many months of work, finally emerged from our Banking and Commerce Committee two years ago. According to my recollection, the maximum rate of interest is fractionally lower. That may be practicable now; I do not know. If it does not mean extinction of the competing smaller companies and centralization of the entire field in the one very large concern, then of course it is all to the good.

Whether or not the extinction of the smaller companies would be an insuperable objection, I should not be prepared to say now.

The Bill also differs from the earlier one in that it retains the Money Lenders Act; that is to say, it retains the 12 per cent maximum. That retention, accompanied by the enactment of a 24 per cent maximum inclusive of all charges, simply means that all other charges in loan agreements will have to take a name other than that of interest. This presents no great difficulty.

This Bill is entitled "the Small Loans Act." I do not know just what the Government have in mind in swinging away from the interest title into the loans title. I would call the attention of the Government to the change. It may be important. We have jurisdiction in interest, but under the steadily restricting decisions of the Privy Council, I am afraid of our position in this loan field until doctrines recently promulgated on high authority are given statutory effect. It may be worth while to have that point submitted again. I cannot but think the change was made after deliberation, for surely the Government would not swing from interest to loans unthinkingly.

Hon. Mr. DANDURAND: I may say that when I received the draft Bill the title was, "An Act respecting Charges on Small Loans." Then I was asked to strike out the words "Charges on." We may discuss that in committee.

Right Hon. Mr. MEIGHEN: I do not believe the Government have considered the constitutional view. This Bill is entitled, "An Act respecting Small Loans," and in that you serve notice that you are outside your field.

I will make no other comment than this. When our Bill went to the Commons there were minds startled at the thought that we could possibly suggest anything like two per cent a month. The result has been that for two years the loan shark has had a paradise in Canada and we have been flooded with all kinds of newspaper indictments of the loan shark and demands to curb him. Had our work been appreciated and the Bill been passed two years ago, money would have been saved to many poor people of this Dominion whose necessities were preyed upon by the loan shark. Then, after a couple of years, it would have been possible, if it were considered safe, to reduce the maximum. Another Bill would have done it. Canada has lost because the Commons thought our long, hard work was not well done. It was well done.

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

PEST CONTROL PRODUCTS BILL
SECOND READING

Hon. Mr. DANDURAND moved the second reading of Bill 40, an Act to amend the Agricultural Pests Control Act and change the title thereof.

He said: Honourable senators, I need only say that there are a number of amendments to the Agricultural Pests Control Act contained in this Bill. The general purpose of the Bill is to provide for such amendments to the Act as twelve years of experience in its administration would indicate are necessary for its further successful operation. I do not intend to dilate upon these various amendments, but will move the second reading, and, with the consent of the Senate, will have the Bill confided to the Committee on Agriculture.

Right Hon. ARTHUR MEIGHEN: Honourable members, as the leader of the House knows, quite a number of amendments to this Bill have been suggested by Parliamentary Counsel. They will of course be brought before the committee.

I rise only to say that there has been little done in Canada more valuable than the work in pest control. A number of important instances can be cited, not the least being the control that has been obtained in a pretty effective way over rust. This work is in the natural and proper field of government, and no bill to enlarge the efficient operation of a department that has proved its worth will ever meet opposition from me. Again I commend the Administration.

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

PRIVATE BILLS
REFUND OF FEES

On the order:

Resuming the adjourned debate on the motion by Hon. Mr. Morand:

That the parliamentary fees paid during the 1937 session upon Bill H, an Act respecting Industrial Loan and Finance Corporation, be refunded to the Corporation, less printing and translation costs.—Hon. Mr. Sinclair.

Hon. Mr. DANDURAND: I suggest that this order stand for a few days.

Right Hon. Mr. MEIGHEN: I know the Clerk will want his records to be clear. This is an adjourned debate, and the order has been called. Would it not be better for some other honourable member to move the further adjournment of the debate?

Right Hon. Mr. MEIGHEN.

Hon. Mr. DANDURAND: The honourable senator from Queen's (Hon. Mr. Sinclair) could do that.

Right Hon. Mr. MEIGHEN: I do not think he can.

Hon. Mr. SINCLAIR: I think the procedure is quite proper.

Right Hon. Mr. MEIGHEN: I fancy not. You cannot move for the transfer of a motion without notice. Every motion requires notice, for that matter. The whole difficulty is gotten over by moving the adjournment of the debate. I move the adjournment of the debate.

Hon. Mr. DANDURAND: We usually say "Stand."

The debate was adjourned.

THIRD READING

Hon. Mr. KING moved the third reading of Bill K, an Act to incorporate The Board of American Missions of The United Lutheran Church in America (Canada).

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

The Hon. the SPEAKER: Is it your pleasure, honourable members, to pass this Bill?

Right Hon. Mr. MEIGHEN: When the Bill was up first, I mentioned certain features of it. I do not know whether or not they have been taken care of by the committee, and I think it would be well to have an explanation from the senator who introduced the Bill.

Hon. Mr. KING: When the Bill was up for second reading the right honourable gentleman suggested that some consideration should be given to the matter of Canadian directors. That was gone into between the sponsors of the Bill and our Parliamentary Counsel, Mr O'Connor, and an agreement was arrived at, which satisfied the committee. The other amendments were minor ones, merely changing the wording here and there.

Right Hon. Mr. MEIGHEN: What was done about the directors?

Hon. Mr. KING: One director must be a British subject resident in Canada.

Right Hon. Mr. MEIGHEN: Just one?

Hon. Mr. KING: One. That seemed to be satisfactory to the committee, and in line with other Bills.

Right Hon. Mr. MEIGHEN: Was it satisfactory to Parliamentary Counsel?

Hon. Mr. KING: Yes. It was his amendment, and it was accepted.

Hon. Mr. LEGER: I have a copy of the amendment here, and I may say the Bill contains provision for all writs and legal documents to be served on the Canadian director as in the case of foreign companies licensed to do business in the provinces of the Dominion.

Hon. Mr. KING: That is right.

The Bill was passed.

BUSINESS OF THE SENATE

Hon. Mr. DANDURAND: Honourable senators, we have nothing of a serious nature on the Order Paper for to-morrow, but we may expect to receive an interim Supply Bill shortly from the House of Commons. It will not reach the Senate to-morrow. I move, therefore, that when the Senate adjourns this afternoon it do stand adjourned until Wednesday afternoon at three o'clock. At that time we shall assemble to receive the interim Supply Bill and dispose of it. Then it may be my privilege to move an adjournment over Easter. I need not mention now, but shall mention on Wednesday next, the date to which we shall then adjourn.

In moving the adjournment of the Senate I would remind the members who sit on the Special Railway Committee that it will meet as soon as the House rises.

The Senate adjourned until Wednesday, April 5, at 3 p.m.

THE SENATE

Wednesday, April 5, 1939.

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

Prayers and routine proceedings.

THE ROYAL ASSENT

The Hon. the SPEAKER informed the Senate that he had received a communication from the Secretary to the Governor General acquainting him that Right Hon. Lyman P. Duff, acting as Deputy of the Governor General, would proceed to the Senate Chamber this day at 5.30 p.m. for the purpose of giving Royal Assent to certain bills.

71498-10

DIVORCE BILLS

FIRST READINGS

Hon. Mr. MURDOCK, for Hon. Mr. Robinson, Chairman of the Committee on Divorce, presented the following Bills, which were severally read the first time:

Bill D2, an Act for the relief of Helen Kerr Hogg Molson.

Bill E2, an Act for the relief of Adele Adfeldt Grunau.

Bill F2, an Act for the relief of Jeanne Beaugard Desnoyers.

DIRECTOR, FARMERS' CREDITORS ARRANGEMENT ACT

INQUIRY

On the inquiry by Hon. Mr. Hughes:

1. When was Mr. H. F. Gordon appointed Manager or Director at Ottawa of the Farmers' Creditors Arrangement Act?

2. What salary did he receive at the time of his appointment?

3. How often and when has his salary been increased since, and what was the amount of each increase?

Hon. Mr. DANDURAND: As the honourable gentleman is not in his seat, I shall place the answer to the inquiry on Hansard.

1 and 2. Designated to administer Farmers' Creditors Arrangement Act on August 20, 1935, but remained on the staff of the Soldier Settlement Board on loan to the Department of Finance, at a salary of \$3,600. Appointed by the Civil Service Commission, Director, Farmers' Creditors Arrangement Act on April 1, 1937, at salary of \$4,320.

3. Once; April 1, 1938; \$300.

FARMERS' CREDITORS ARRANGEMENT ACT—CASES IN MARITIMES

INQUIRY

On the inquiry by Hon. Mr. MacArthur:

1. How many cases were dealt with since the inception of the Farmers' Creditors Arrangement Act where Simpsons Ltd. were the creditors in the Province of Nova Scotia?

2. How many cases were dealt with since the inception of the Farmers' Creditors Arrangement Act where Eatons were the creditors in the Province of New Brunswick?

3. How many cases were dealt with since the inception of the Farmers' Creditors Arrangement Act where Holmans Ltd., Summerside, P.E.I., were the creditors?

4. How many applications were received in the Province of Prince Edward Island, from July 1 until December 31, under the Farmers' Creditors Arrangement Act?

Hon. Mr. DANDURAND: I have an answer for the honourable senator. As he is not here, I will ask that it be placed on Hansard.

1. 1.
2. None.
3. 220.
4. 232.

With reference to the answers to questions 1, 2 and 3, information regarding the names of creditors is available only as disclosed in applicants' declarations submitted with their proposals.

PENSIONS TO RETIRED CIVIL SERVANTS

INQUIRY

On the inquiry by Hon. Mr. McMeans:

1. What sums are paid to retired civil servants by way of pensions?
2. What sums are paid to civil servants drawing pensions who do not reside in Canada?

Hon. Mr. DANDURAND: As the honourable senator is not present, I will ask that the answer, which I have here, be placed on Hansard.

1. Payments to retired civil servants and to dependants of retired civil servants are not segregated in the records of the Department of Finance. In the fiscal year ended March 31, 1938, payments to retired civil servants and to dependants of retired civil servants on account of superannuation totalled \$4,678,-888.66.

2. Superannuation payments are made through the various branches of the Canadian chartered banks, and it is therefore impossible to state from the records of the Department of Finance where the recipient has his place of residence. The records of the Department of Finance show where the year's supply of superannuation certificates are mailed, but this is not necessarily an indication of permanent residence.

MURRAY HARBOUR WHARF

INQUIRY

On the inquiry by Hon. John A. Macdonald (Cardigan):

1. Was there a wharf built at Murray Harbour, King's County, Prince Edward Island, in 1937?
2. From whom was the site purchased?
3. What price was paid for the site?
4. What was the total cost of wharf?

Hon. Mr. DANDURAND: I will ask that this answer too be placed on Hansard, as the honourable gentleman is not present.

1. Wharf between Prowse's wharf and the public wharf built in 1936.

Hon. Mr. MacARTHUR.

2 and 3. Property known as Prowse's wharf, consisting of the wharf structure and property frontage extending upstream from that wharf to the Government wharf property, purchased from Thomas H. Fraser and Glen R. Johnston, of Murray Harbour, for \$3,250.

4. \$10,969.29, including purchase price of Prowse's wharf property.

FARMERS' CREDITORS ARRANGEMENT ACT—OFFICIALS IN PRINCE EDWARD ISLAND

INQUIRY

On the inquiry by Hon. John A. Macdonald (Cardigan):

1. What amount was paid to the three official receivers in Prince Edward Island under the Farmers' Creditors Arrangement Act during each of the years 1937 and 1938?

2. Give the names of these officials and the amounts paid to each, stating how the totals are made up—salaries, fees, expenses, etc.

3. Are these men still occupying their official positions?

Hon. Mr. DANDURAND: The honourable gentleman is not present. I have an answer here, and it will appear on Hansard.

1. 1937, \$4,019.11; 1938, \$8,905.08.

	Year	Fees	Expenses	Total
A. F. Bell	1937	\$1,435	\$183 94	\$1,618 94
G. R. Holmes		1,600	163 00	1,763 00
W. D. Wight		535	102 17	637 17
Total		\$3,570	\$449 11	\$4,019 11

A. F. Bell	1938	\$2,955	\$334 18	\$3,289 18
G. R. Holmes		3,570	113 00	3,683 00
W. D. Wight		1,850	82 90	1,932 90
Total		\$8,375	\$530 08	\$8,905 08

3. Yes, pending completion of their duties in connection with proposals submitted prior to December 31, 1938.

RIFLE RANGE NEAR TRURO, N.S.

INQUIRY

Hon. Mr. TANNER inquired of the Government:

1. Is there a wooded part of what is known as the Rifle Range property not far from the town of Truro, Colchester county, Nova Scotia? What is its acreage?

2. Has the privilege of cutting and removing timber growing on said wooded part been granted to any person or persons during the last two years; and if it has been, to what persons or person has such privilege been granted; and what respectively are the residence and business of each such person?

3. On what terms and under what regulations in regard to the sizes of trees that may be cut, payment for the privilege of cutting and removing timber, and the inspection of cutting, has the privilege been granted?

4. Are the Indians on the Truro Reserve permitted during the current winter, as heretofore, to supply themselves with fuel from the said wooded part of the Rifle Range property? How is that matter being regulated?

Hon. Mr. DANDURAND: I will pass the answer over to the honourable senator now, so that he may read it. It will also appear on Hansard.

1. Yes. Area about 600 acres.

2. No timber cutting privileges have been granted.

3. Answered by 2.

4. (a) Since 1931, the right to remove dead wood for fuel has been granted to the Department of Indian Affairs, on behalf of the Indians of the Truro Reserve.

(b) No information.

MONCTON RURAL MAIL ROUTE No. 2 INQUIRY AND RETURN

On the inquiry by Hon. Mr. Léger:

1. Was there on or about the 23rd day of May, A.D. 1938, a rural mail delivery contract entered into between Anibert LeBlanc and the Postmaster General of Canada, to convey His Majesty's mail over Moncton Rural Route No. 2?

2. Was said contract in writing?

3. Is said contract still in force? If cancelled, when and why?

4. Did the contract provide for three months' written notice?

5. Was said notice given?

6. Will the contractor be paid the three months' notice?

7. Will a copy of the contract and of all reports, correspondence, petitions, letters, telegrams and other documents on which the Minister or some officials of his department acted be tabled for the information of the Senate?

Hon. Mr. DANDURAND: I would ask that this be changed into an order for a return, which I will table now.

The inquiry stands as an order for a return.

FARMERS' CREDITORS ARRANGEMENT ACT—ANNUAL REPORT INQUIRY

On the notice by Hon. Mr. Hughes:

That he will inquire of the Government:

1. When may we expect to receive the annual report of the Farmers' Creditors Arrangement Act?

2. Will an endeavour be made to have it tabled in the House as soon after the Easter recess as possible?

Hon. Mr. DANDURAND: Stand.

Right Hon. Mr. MEIGHEN: This is an easy question.

The inquiry stands.

71498—10½

PRIVATE BILLS

CONCURRENCE IN COMMONS AMENDMENT

The Hon. the SPEAKER: Honourable senators, a message has been received from the House of Commons returning Bill H, an Act respecting the United Church of Canada, with an amendment to which they desire the concurrence of the Senate.

Right Hon. Mr. MEIGHEN: Honourable senators, I move concurrence in the amendment. It strikes out the clause which would postpone the coming into force of the Act until it was proclaimed.

Right Hon. Mr. GRAHAM: Good.

Right Hon. Mr. MEIGHEN: It will be recalled that on account of that clause being in the present Bill, it was inserted in the Presbyterian Church Bill, which was sponsored by the honourable senator from Lunenburg (Hon. Mr. Duff). Though I was sponsor of the present Bill, I have to admit that I never knew why it contained that clause. I assumed there was some reason why the coming into force should be delayed, and, as this was not vital to the measure, I said nothing. I believe there is an amendment from the other House to strike out the same clause from the Presbyterian Church Bill, too.

The motion was agreed to.

CONCURRENCE IN COMMONS AMENDMENT

The Hon. the SPEAKER: Honourable senators, a message has been received from the House of Commons returning Bill I, an Act to incorporate The Trustee Board of The Presbyterian Church in Canada, with an amendment, to which they desire the concurrence of the Senate.

Hon. JAMES MURDOCK: On behalf of the honourable senator from Lunenburg (Hon. Mr. Duff), I move that the amendment be concurred in.

The motion was agreed to.

DEBATES OF THE SENATE—FRENCH EDITION (UNREVISED)

Hon. RAOUL DANDURAND: Honourable senators, the honourable gentleman from Rigaud (Hon. Mr. Sauvé) last week complained of delay in the printing of the French version of the Debates of the Senate. I asked the Clerk of the Senate to ascertain whether

there had been any dilatoriness in the Bureau for Translations. I have received from him the following letter:

March 31, 1939.

Re the Debates of the Senate,
French Edition (Unrevised)

On Thursday, March 30, Senator Sauvé made the following statement in the Senate:

"I take this opportunity of pointing out that the French language is too frequently ignored in connection with documents of the Senate. For instance, the French edition of the Debates of the Senate arrives most of the time five or six days later than the English edition. This should not be tolerated. In the Senate, as in the House of Commons, the French language enjoys constitutional rights, and I insist upon their recognition."

As you are doubtless aware, the translation of the Debates of the Senate is carried out by the Bureau for Translations, which functions entirely independently of the Senate staff.

Hereto annexed is a memorandum, which I have obtained from the Joint Distribution Office of Parliament, setting out in detail the dates of distribution of the French Hansard from the beginning of the present session to the 29th instant.

L. C. Moyer,
Clerk of the Senate.

Senate Daily Unrevised Debates—Session 1939
French Edition

Issue No.		Received by Distribution Branch
1—January 12	.....	Jan. 13
2—January 17	.....	Jan. 19
3—January 18	.....	Jan. 20
4—February 14	.....	Feb. 15
5—February 15	.....	Feb. 18
6—March 7	.....	Mar. 10
7—March 8	.....	Mar. 11
8—March 9	.....	Mar. 13
9—March 14	.....	Mar. 15
10—March 15	.....	Mar. 18
11—March 16	.....	Mar. 20
12—March 21	.....	Mar. 23
13—March 22	.....	Mar. 25
14—March 28	.....	Mar. 30
15—March 29	.....	Mar. 31

Hon. P. E. BLONDIN: Honourable senators, I fail to understand why the French version of Senate Hansard should not be delivered at the same time as the English version, or not later than a day after the English is distributed. When I had the honour of being Speaker of this House I agreed to our translators being incorporated in the Bureau for Translations on the assurance that the French version should be delivered within a day after the appearance of the English version.

As I understand, the explanation for the delay is that extra time is required for the work of translation and printing. I do not wish to blame the Bureau for Translations, but I still wonder what justification there can be for not living up to the assurance given me at the time the change to which I have

Hon. Mr. DANDURAND.

referred was made. I should like to hear from a representative of the Bureau for Translations as to why the delay continues.

Hon. Mr. DANDURAND: I will draw the attention of the director of the Bureau to the remarks of my honourable friend. It will be observed from the information given by the Clerk of the Senate that the Bureau has, in part, made good the assurance given to our former Speaker, but I will ask if there are any special reasons why there is sometimes a delay of two or three days.

Hon. JAMES MURDOCK: I think it will be found that the delay occurs at the Printing Bureau. In other words, the Bureau for Translations sends the French version to the Printing Bureau, where there is some delay in getting the printed copies for distribution.

Hon. Mr. BLONDIN: There always was some trouble at the Printing Bureau.

Hon. Mr. DANDURAND: There may be this further reason, that we are not always prompt in correcting and returning the proof sheets.

BRITISH NORTH AMERICA ACT

PARLIAMENTARY COUNSEL'S REPORT— TRANSLATION AND DISTRIBUTION

Hon. RAOUL DANDURAND: Last week my honourable friend from Rigaud (Hon. Mr. Sauvé) complained that the French version of the report of our Law Clerk respecting the British North America Act had not yet appeared in French, although it had been distributed in English. I may inform the honourable gentleman that the Law Clerk did not finish his report until the 15th of March, and therefore could not, before that date, give any order for its translation, even had he been authorized to do so. Such authority could come only from His Honour the Speaker or from this House. It will take a long time to complete the translation. It was only through the good will of His Honour the Speaker, who authorized the printing of the report as it was being produced, in English, that soon after its completion copies were ready for distribution. In order, if need be, to cover his action, and to save time, I move:

That authority be granted for the printing of blank copies in English—

I do not know what number His Honour the Speaker agreed to have printed.

—and two hundred copies in French of the report by the Parliamentary Counsel of the Senate relating to the enactment of the British North America Act, 1867, and that rule 100 be suspended in so far as it relates to the said printing.

I may say that I have asked the Bureau for Translations to hasten work on the French version. I will keep an eye on its progress. A certain number of men must be detailed to carry on the translation, and, if necessary, I will see that their number is added to.

Hon. Mr. MURDOCK: I am told that 1,000 copies in English are being ordered.

Hon. Mr. DANDURAND: Then it will be 1,000 copies in English and 200 copies in French.

Hon. Mr. COTE: Does the honourable gentleman think 200 copies in French are sufficient? Personally I doubt it very much.

Hon. Mr. DANDURAND: I consulted the gentleman who is engaged on the printing of the French version before I decided on the 200, but I am ready to say 250.

Hon. Mr. COTE: Members of the Legislature of Quebec may each require a copy, and I think we should send it to them.

Hon. Mr. DANDURAND: Then we could say 300 copies in French.

The motion was agreed to.

CANADA-UNITED STATES TRADE AGREEMENT BILL

FIRST READING

Bill 64, an Act respecting a certain Trade Agreement between Canada and the United States of America.—Hon. Mr. Dandurand.

DIVORCE BILLS

SECOND AND THIRD READINGS

On motion of Hon. Mr. Murdock, for Hon. Mr. Robinson, Chairman of the Committee on Divorce, the following Bills were severally read the second and third times, and passed, on division:

Bill A2, an Act for the relief of Constance Lillian Talbot Mais Pocock.

Bill B2, an Act for the relief of Edith Cecilia Shaw Mayne.

Bill C2, an Act for the relief of Leslie William Bond.

PRIVATE BILL

REFUND OF FEES

On the Order:

Resuming the further adjourned debate on the motion of Hon. Mr. Moraud:

That the parliamentary fees paid during the 1937 session upon Bill H, an Act respecting Industrial Loan and Finance Corporation, be refunded to the Corporation, less printing and translation costs.—Right Hon. Mr. Meighen.

Right Hon. Mr. MEIGHEN: I just moved the adjournment of the debate to keep the procedure in order. It is not my desire to speak at all.

Hon. Mr. MURDOCK: The honourable gentleman who leads the Government was to secure information as to the consistency of what is proposed.

Hon. Mr. DANDURAND: I did not get the information; so I would suggest that the motion be postponed till the next sitting of the House.

The Order stands.

APPROPRIATION BILL No. 1

FIRST READING

Bill 73, an Act for granting to His Majesty certain sums of money for the public service of the financial year ending 31st March, 1940.—Hon. Mr. Dandurand.

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of the Bill.

He said: With the leave of the Senate I would move the second reading now. Probably I should give an explanation of the necessity of passing this Bill as rapidly as possible, and an outline of what is involved in this interim supply.

It must be remembered that April is now well along and we have to provide for salaries, and also for certain payments under the Relief Acts. This Bill provides for one-sixth of all the items in the main and supplementary estimates. Then an additional one-third is asked for, in order to cover parliamentary expenditures, which, as honourable members know, are not on an average monthly basis, but accumulate in the months during which Parliament is in session. In addition, we are asking for one-half of one vote under the Secretary of State, in order to provide for general expenses in connection with the visit to Canada of Their Majesties, and one-half of a Transport vote in the same connection. That is what is provided for in the Bill before us.

I need not say that the passing of this interim Supply Bill in no way affects the right of any honourable member to debate, discuss and decide upon any item contained in any of the estimates of which a portion is now asked.

If honourable members of the Senate will look at the Bill they will find that under clause 2 there is an item covering an expenditure of \$45,095,590.78. Under clause 3 there

is an additional interim vote of \$567,471.83. Clause 4 covers an additional interim vote of \$212,500 granted for 1939-40 on certain items, and clause 5 an additional interim vote of \$20,389,783 granted for 1939-40 on certain items. Clause 6 provides:

A detailed account of the sums expended under the authority of this Act shall be laid before the House of Commons of Canada during the first fifteen days of the then next session of Parliament.

With these explanations I move the second reading.

Right Hon. ARTHUR MEIGHEN: Honourable members, this interim Supply Bill is somewhat unusual, in the proportion which Parliament is asked to grant.

Section 4 authorizes an extra appropriation of one-half of the amount of each of the items set forth in Schedule B. A glance at the purpose of these estimates, relating entirely to expense connected with the visit of Their Majesties, which will occur very shortly, makes it very plain that the request is quite reasonable.

I presume that clause 2 refers to the main estimates. One-sixth of the entire amount of these estimates is there voted. Then, under section 3, one-third of the sums set out in schedule A is voted in addition to the one-sixth, making a proportion of one-half of the total. As to schedule B, the one-half of the amounts mentioned there plus the one-sixth covered by clause 2, means an appropriation of two-thirds of those amounts.

To put it succinctly, the Bill provides for voting one-half of the main estimates, except those associated with the royal visit, and two-thirds of the estimates in so far as they relate to that visit. I have never before seen an initial interim estimate covering one-half. The proportion of the main estimates is very large. Why is it so large? So far as the royal visit is concerned, I take no exception to the vote at all, because it might justifiably include the whole amount.

Hon. Mr. DANDURAND: I repeat the explanation as given by the Minister of Finance:

This resolution provides for one-sixth of all items in the main and supplementary estimates. That is two months.

Then an additional one-third is asked for, to cover parliamentary expenditures, which, as honourable members know, are not on an average monthly basis—

Right Hon. Mr. MEIGHEN: But it covers far more.

Hon. Mr. DANDURAND.

Hon. Mr. DANDURAND:

—but which accumulate in the months during which Parliament is in session. Then we are asking an additional one-half of one vote under the Secretary of State, in order to provide for general expenses in connection with the visit to Canada of Their Majesties—

Right Hon. Mr. MEIGHEN: That explanation is not complete. I omit schedule B. Schedule A, as respects which one-half is asked—one-sixth plus one-third—includes more than the legislative expenses. The legislative expenses amount to \$866,415.50, but there is a further item of \$836,000, which has nothing to do with the costs of the Senate and the House of Commons.

Hon. Mr. DANDURAND: I fail to see that there is an overlapping in that expenditure. Schedule A says:

Based on the main estimates, 1939-40. The amount hereby granted is \$567,471.83, being one-third of the amount of each item in the said estimates as contained in this schedule.

And further:

Sums granted to His Majesty by this Act for the financial year ending 31st March, 1940, and the purposes for which they are granted.

So this would cover one-third of the amount of each item in the estimates as contained in the schedule.

Right Hon. Mr. MEIGHEN: I know. But the House is being asked to vote two months' supply all round—which is not unusual, although formerly it was more often one-twelfth—and in addition, one-half in respect of the Commercial Intelligence Service vote of \$836,000 appearing in schedule A. It can be understood that the expenses of the Senate and the House of Commons are not spread evenly over the year, and it is not unreasonable to ask a large share of that amount; but why so large a proportion of the Commercial Intelligence Service vote?

Hon. Mr. DANDURAND: As to the Commercial Intelligence Service vote I do not know exactly what is the total amount appearing in the main or supplementary estimates; so I am at a loss to say why it is more than one-third; but I should take it for granted that that would be one-third exclusive—

Right Hon. Mr. MEIGHEN: No. There is an extra one-sixth, making it one-half altogether.

Hon. Mr. DANDURAND: Or course, all I can be governed by is the statement that it is one-third.

Right Hon. Mr. MEIGHEN: It is more. Perhaps the Minister of Agriculture has asked this as a special favour to the Minister of Trade and Commerce.

Hon. Mr. DANDURAND: I doubt it, because the Commercial Intelligence Service would be under Hon. Mr. Euler, Minister of Trade and Commerce.

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

THIRD READING

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

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

The Senate adjourned during pleasure.

The sitting was resumed.

EASTER ADJOURNMENT

Hon. Mr. DANDURAND: Honourable senators, I move that when the Senate adjourns this evening it stand adjourned until Tuesday, April 18, at 8 o'clock in the evening.

The motion was agreed to.

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 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 Loan Companies Act.

An Act to amend the Trust Companies Act.

An Act to amend the Technical Education Act.

An Act to amend the Food and Drugs Act.

An Act respecting Penitentiaries.

An Act to amend The Prairie Farm Rehabilitation Act.

An Act respecting The Quebec Railway, Light and Power Company.

An Act for the relief of Edythe Marjorie Burke Atkinson.

An Act for the relief of Marie Louise Rossetti Di Rosa.

An Act for the relief of Stefano Guilio Luciano Roncari.

An Act for the relief of Gertrude Saul Baker.

An Act for the relief of Mary Frances Todd Lister Cardwell.

An Act for the relief of Herbert John Butler.

An Act for the relief of Anna Lasnier Blain.

An Act for the relief of Annie March Breakey Coburn.

An Act for the relief of Mabel Gertrude Marks Lamoureux.

An Act for the relief of Earl Keith Drennan.

An Act for the relief of Per Ernst Martinsson.

An Act respecting The United Church of Canada.

An Act to incorporate The Trustee Board of The Presbyterian Church in Canada.

An Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1940.

The Right Honourable the Deputy of the Governor General was pleased to retire.

The House of Commons withdrew.

The sitting was resumed.

FARMERS' CREDITORS ARRANGEMENT ACT—ANNUAL REPORT

Hon. Mr. DANDURAND: I should have liked to bring in an answer to the inquiry by the honourable senator from King's (Hon. Mr. Hughes), which is the only item remaining at present on our Order Paper. I have the answer in my room, but unfortunately I omitted to bring it down. However, I shall have it here at our next sitting.

The Senate adjourned until Tuesday, April 18, at 8 p.m.

THE SENATE

Tuesday, April 18, 1939.

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

Prayers and routine proceedings.

FARMERS' CREDITORS ARRANGEMENT ACT—ANNUAL REPORT

INQUIRY

Hon. Mr. HUGHES inquired of the Government:

1. When may we expect to receive the annual report of the Farmers' Creditors Arrangement Act?

2. Will an endeavour be made to have it tabled in the House as soon after the Easter recess as possible?

Hon. Mr. DANDURAND: I have an answer for the honourable gentleman.

1 and 2. The report of the operations of the Farmers' Creditors Arrangement Act includes statements of expenditures incurred under the Act. Section 32 (1) of the Consolidated Revenue and Audit Act, 1931, provides that "during a period not exceeding thirty days subsequent to the end of the said fiscal year issues of public moneys from the Consolidated Revenue Fund may be made to an amount or amounts not exceeding the unexpended balance of any such appropriations for the purpose only of discharging any debt properly incurred and payable prior to the end

of the said fiscal year, which may be outstanding chargeable thereto and which for good reason was not paid within the said fiscal year, and such expenditure may be charged in the accounts of the said fiscal year."

Accordingly it will not be possible to have all the statistical information available in the Department of Finance prior to April 30, 1939. The report will then be prepared, and will be tabled as soon thereafter as possible.

DEFENCE PURCHASES, PROFITS CONTROL, AND FINANCING BILL

FIRST READING

Bill 38, an Act to establish a Defence Purchasing Board to control the awarding of contracts for the manufacture of defence equipment and the construction of defence projects, to limit costs and control profits in respect of such contracts, and to authorize the raising by way of loans of certain sums of money for such purposes.—Hon. Mr. Dandurand.

DEPARTMENT OF TRANSPORT STORES BILL

FIRST READING

Bill 39, an Act to amend The Department of Transport Stores Act.—Hon. Mr. Dandurand.

FOREIGN INSURANCE COMPANIES BILL

FIRST READING

Bill 53, an Act to amend The Foreign Insurance Companies Act, 1932.—Hon. Mr. Dandurand.

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

Hon. Mr. DANDURAND: I have suggested that these insurance bills be put down for second reading to-morrow.

Right Hon. Mr. MEIGHEN: There is nothing at all in that Bill.

CANADIAN AND BRITISH INSURANCE COMPANIES BILL

FIRST READING

Bill 54, an Act to amend The Canadian and British Insurance Companies Act, 1932.—Hon. Mr. Dandurand.

DOMINION TRADE AND INDUSTRY COMMISSION BILL

FIRST READING

Bill 60, an Act to amend The Dominion Trade and Industry Commission Act, 1935.—Hon. Mr. Dandurand.

Hon. Mr. DANDURAND.

CARRIAGE BY AIR BILL

FIRST READING

Bill 61, an Act to give effect to a Convention for the unification of certain rules relating to International Carriage by Air, to make provision for applying the rules contained in the said Convention, subject to exceptions, adaptations and modifications, to carriage by air which is not international carriage within the meaning of the Convention, and for the purposes connected therewith.—Hon. Mr. Dandurand.

RAINY LAKE WATERSHED EMERGENCY CONTROL BILL

FIRST READING

Bill 72, an Act to carry into effect the provisions of the Convention of the 15th September, 1938, providing for emergency regulation of the level of Rainy Lake and of the level of other boundary waters in the Rainy Lake watershed.—Hon. Mr. Dandurand.

The Hon. the SPEAKER: When shall this Bill be placed on the Order Paper for second reading?

Hon. Mr. DANDURAND: With leave, I move that it be placed on the Order Paper for second reading to-morrow.

Right Hon. ARTHUR MEIGHEN: Honourable members, as I read this Bill I see only one feature upon which I should like to have an explanation when the honourable leader (Hon. Mr. Dandurand) moves second reading to-morrow. There is a board which has exercised supervisory and controlling powers over the level of the Lake of the Woods when the level has been above a certain definite point or below a certain definite point, and I thought the same board had supervision in respect of Rainy Lake. This Bill provides that the International Joint Commission shall have control of Rainy Lake in emergent conditions. Well, there are emergent conditions when the level is above a certain point and also when it is below a certain point. Even if I am wrong in thinking that the existing board had control in respect of Rainy Lake, it strikes me that it, and not the International Joint Commission, would be the right body to have control, just as it has over the Lake of the Woods. I should like the honourable leader to tell me to-morrow whether or not Rainy Lake was covered by the treaty which applied to the Lake of the Woods, and why it would not be more advisable for the same board to control both lakes.

Hon. Mr. DANDURAND: I think that the point mentioned by my right honourable friend is covered in the convention which will be submitted to the Senate. However, I shall endeavour to have to-morrow the information he has requested.

Hon. Mr. McMEANS: Honourable members, I am wondering whether the waters of Rainy Lake that run into Rainy River are in any way affected. As I understand the situation, there is a big power house at Fort Frances, in Ontario, or International Falls, across the American border. Nearly all the power developed is used on the American side. The question occurs to me whether this Bill has anything to do with the development of the electrical power that goes across the line.

The motion was agreed to.

MEAT AND CANNED FOODS BILL

FIRST READING

Bill 75, an Act to amend the Meat and Canned Foods Act (Fish and Shellfish).—Hon. Mr. Dandurand.

SEALS BILL

FIRST READING

Bill 76, an Act to make provision for the Sealing of Royal Instruments.—Hon. Mr. Dandurand.

CANADIAN NATIONAL, ONTARIO AND QUEBEC, CANADIAN PACIFIC, AND TORONTO TERMINALS RAILWAY COMPANIES BILL

FIRST READING

Bill 80, an Act respecting the Canadian National Railway Company, the Ontario and Quebec Railway Company, the Canadian Pacific Railway Company and the Toronto Terminals Railway Company.—Hon. Mr. Dandurand.

Hon. Mr. DANDURAND: With leave, I move that the Bill be placed on the Order Paper to be read a second time at the next sitting of the House.

Right Hon. Mr. MEIGHEN: I want to indicate the kind of explanation I should like on this Bill. To me it seems almost inexplicable. How this Parliament can cure a defect in title—if there is such a defect—in respect either of the Toronto Terminals Railway Company or of the Canadian Pacific passes my comprehension. I know a request for this legislation has been made by counsel for the Canadian Pacific and the Canadian National. The procedure may be correct so

far as Canada may have an interest in the ordnance land affected, but the other parcel has nothing to do with ordnance land. Our jurisdiction in railway matters does not carry to the extent of enabling us to determine a civil right so as to cure a defect in title.

Right Hon. Mr. GRAHAM: What is the trouble?

Right Hon. Mr. MEIGHEN: Some land, once British and then Canadian ordnance, was for many years used by the Grand Trunk. The Grand Trunk conveyed it to the Toronto Terminals Railway Company, and there is a question of title in respect to it. So far as Canada may still be the owner, Canada can of course convey the property. But as to the other case I cannot see where Canada comes in. This measure is an attempt by Parliament to cure a defect in title in some railway lands.

Hon. JAMES MURDOCK: Is it not all a result of the reclamation of the water front in Toronto? What was originally ordnance land close to the water is now away back from the water line. Acres and acres have been filled in all along the front. My understanding is that this reclaimed area now becomes ordnance land. Presumably this Bill is an attempt to clear up any question of title respecting the land reclaimed along the shore of Lake Ontario.

Right Hon. Mr. MEIGHEN: So far as ordnance land is concerned, I quite agree, but the Bill refers to one parcel which has nothing to do with ordnance land at all, if I read the section correctly.

Hon. Mr. DANDURAND: I do not know whether my right honourable friend read the statement the Minister made when introducing the Bill in the House of Commons.

Right Hon. Mr. MEIGHEN: I did.

Hon. Mr. DANDURAND: Then I will not inflict on him the explanation given to the other House.

Right Hon. Mr. MEIGHEN: He gave no explanation at all. A member raised a point as to jurisdiction of Parliament in respect to title to the property, but the Minister took good care not to mention it.

Hon. Mr. DANDURAND: Perhaps he did not see the difficulty which my right honourable friend sees. When the Bill comes up for second reading I shall be very glad to give the supplementary information which my right honourable friend asks for.

The motion was agreed to.

GRAIN FUTURES BILL

FIRST READING

Bill 81, an Act to provide for the supervision and regulation of Trading in Grain Futures.—Hon. Mr. Dandurand.

The Hon. the SPEAKER: Honourable members, when shall this Bill be read a second time?

Hon. Mr. DANDURAND: My honourable colleague from Peel (Hon. Mr. Marshall) has kindly consented to take charge of this Bill. He may move that the Bill be read a second time to-morrow.

Right Hon. Mr. MEIGHEN: This Bill, too, presents an odd and mysterious picture. The Government, on the recommendation of the Turgeon Commission, are putting in a supervisor to watch the operations of the Grain Exchange in Winnipeg in respect of future trading. We have always exercised jurisdiction in respect of grain, but if I apprehend the exercise of that jurisdiction it has been in respect of grain transit, the general trade in grain, presumably under our jurisdiction in trade and commerce. But in this case we are going further. We are going right into the Winnipeg Grain Exchange to tell John Smith, who intends to make a deal, that he cannot make it; that he may go into debt only so far, and that throughout the year his total operations must be only so much. If that is within the jurisdiction of the Parliament of Canada I have not read the decisions correctly. I should like this matter to have some attention before we pass the Bill.

I am quite aware that, all along, the Grain Act, dealing with trade in the sense of inter-provincial business, has been accepted as being intra vires of the Parliament of Canada, and I earnestly hope it always will be; but I think we should be very careful about getting into what is clearly a matter of local civil rights, and consequently having a question mark changed to a full point by a decision that might becloud or imperil the entire Grain Act.

Hon. Mr. HAIG: Will the honourable member from Peel (Hon. Mr. Marshall), when he moves the second reading, produce the authority for going outside the recommendation contained in the Turgeon Report? The Bill goes much farther afield than does the report of Mr. Justice Turgeon. Under this measure regulations and by-laws can be cancelled, and other things done which were never mentioned in the report.

Hon. Mr. DANDURAND.

Hon. Mr. DANDURAND: I have asked the honourable senator from Peel to take charge of this Bill, but I would make this comment on my right honourable friend's statement. It may appear that in the chain of movements in the shipment of grain from the West to foreign markets there is a link which is vital. Without having studied the point, I simply throw out the suggestion that since we have assumed authority over the movement of grain from one province, across another, and on to foreign lands, we may accept the incidental duty. If there is a stoppage in transitu at Winnipeg, it may be deemed proper to take charge in order to remove any difficulty. I know this piece of legislation has met with considerable commendation in the other House and outside, and it seems to be the universal opinion that it is good legislation. My right honourable friend raises the technical constitutional question. That is another matter.

Right Hon. Mr. MEIGHEN: I do not want to be understood as raising any cheers for the legislation itself, aside from the constitutional feature. I know there are always pretty strong popular demands to curb anything in the way of business enterprise in dealing with farm products, but, if you ask my honest opinion about this Bill, I do not think it is any good.

Hon. Mr. DANDURAND: Probably my right honourable friend's statement justifies my suggestion that the honourable gentleman from Peel should take charge of this Bill, because I know less about the matter than does my right honourable friend himself.

The Hon. the SPEAKER: Second reading to-morrow.

FARMERS' CREDITORS ARRANGEMENT BILL

FIRST READING

Bill 86, an Act to amend the Farmers' Creditors Arrangement Act, 1934.—Hon. Mr. Dandurand.

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

Hon. Mr. DANDURAND: To-morrow.

Hon. Mr. MacARTHUR: I suggest that this Bill be deferred till about Thursday, so that my honourable colleague from King's (Hon. Mr. Hughes) can take charge of it.

Some Hon. SENATORS: Oh, oh.

The Hon. the SPEAKER: Second reading to-morrow.

CANADA—UNITED STATES TRADE
AGREEMENT BILL

SECOND READING

Hon. Mr. DANDURAND moved the second reading of Bill 64, an Act respecting a certain Trade Agreement between Canada and the United States of America.

He said: Honourable senators, this Bill is entitled, "an Act respecting a certain Trade Agreement between Canada and the United States of America." It might just as well bear another name, which would be quite familiar to the people of Canada, for many campaigns have been carried on in this country with respect to reciprocity treaties with the United States.

Let us glance at these conventions. We had had the reciprocity treaty of 1854-66, which for a number of years had so developed our trade with our neighbours that the eyes of Canadians were turned towards our southern border in the hope that this treaty would be resurrected. After 1866 a number of delegations from various governments, both Conservative and Liberal, went to Washington, but came back empty-handed.

In 1891, after the United States tariff wall had been raised unduly and somewhat cruelly against our goods, there was considerable agitation in Canada, which then consisted mainly of Ontario, Quebec and the Maritime Provinces, in favour of closer commercial relations with the United States. The Liberal party, which was in opposition, felt that the denial by the Washington authorities of reciprocity in natural products justified this country in widening the scope of a proposed agreement so that it would be satisfactory to the United States, and at the elections of 1891 the Liberals submitted to our people the policy of unlimited reciprocity. The situation in Canada was very difficult because of the increased duties. Before Parliament was dissolved Sir John A. Macdonald had suggested that another effort should be made to secure reciprocity in natural products only. The election results in 1891 bore out his view, and the policy of the Liberal party was rejected.

We had to wait twenty years before another effort was made at reciprocity with the United States. In 1911 the Taft-Fielding Convention was submitted to the people. At that time the Conservative opposition, which twenty years before had favoured reciprocity in natural products, raised its voice against that policy, as embodied in the treaty of 1911, and succeeded in having it rejected. Of course, many other questions were submitted to the people at the same time, but in the result the Taft-Fielding Convention went by the board.

At last, after another period of twenty years, there was unanimity in the two parties in favour of closer relations with the United States. The Bennett Government, as I will call it—or the Conservative party—endeavoured to obtain some kind of reciprocal arrangement with our neighbours to the south. The correspondence of 1934 clearly shows it. In April, 1933, Mr. Roosevelt and Mr. Bennett issued this joint statement:

We have agreed to begin a search to increase the exchanges of commodities between our two countries and thereby promote not only economic betterment on the North American continent, but also the general improvement of world conditions.

In the election campaign of 1935 both parties expressed themselves as favourable to closer commercial relations with the United States. In November of that year, hardly three weeks after the present Government came into office, an agreement was signed with the United States, and in the following year it was submitted to this Parliament for confirmation. As honourable members will recall, it was discussed at length here. In that agreement both parties expressed the wish that it should be enlarged as soon as possible—a wish that the present convention puts into effect.

The time chosen for bringing about an enlargement of the 1935 convention was psychologically favourable. Our then existing convention with the United States was due to end on the 31st of December last, and our agreement with Great Britain was due to end in 1940. Great Britain and the United States in 1937 had opened negotiations tending to a trade agreement. Great Britain approached not only Canada, but all the Dominions, and asked if they would not be willing to co-operate towards reaching an agreement with the United States. It was understood at the time that if we did facilitate such an agreement the United States would be ready to enlarge its convention with us and to compensate us for whatever sacrifices might be entailed through alteration of the Ottawa agreement. The interest of Canada, when thus approached by Great Britain, was quite evident. If we had refused to co-operate, I wonder what would have happened when the time came to renew the two conventions which were soon to end: that with the United States on the 31st of December, 1938, and that with Great Britain in 1940. The whip would not have been in our hands then. I do not mean that Great Britain or the United States would have displayed any ill-will towards us, but the fact would have been remembered that when we had been requested to facilitate a triangular agreement we had declined.

In this matter Canada's interest necessitated an international outlook. It is in Canada's interest to develop its trade abroad. We are an exporting country. We need, so far as it is possible to get them, lowered barriers. In fact, the world at large is in need of restoration of normal economic conditions. This was the opinion of President Roosevelt and Mr. Bennett in 1933. What did we obtain in return for agreeing to the suggestion that we should contribute something towards closer commercial relations between Great Britain and the United States? Among the evident advantages, I should say, was a stabilization of our own trade conditions. I will not take time now to stress the importance of a stable fiscal policy. But I have heard it urged right and left, by all the writers who interest themselves in economic conditions, that it is one of the vital things at which every country should aim.

We are assured under this convention that there will be no disturbance of our relations with the United States, nor, I need not add, with Great Britain either. I believe that any change brought about by the convention up to the beginning of the present year was for the better; and this will continue to be true throughout this year and in 1940.

I consider that our 1935 convention with Washington benefited us very appreciably. The present one grants us important additional concessions. That is, it not only renews all the concessions we obtained in 1935, but also contains a large number of entirely new ones. The 1935 agreement allowed tariff reductions on 63 items entering the United States market, but the new agreement includes 129 tariff reductions affecting trade valued in 1937 at \$72,981,000. There is also an increase in the bindings of existing United States rates of duty from 32, allowed in 1935, to 41, affecting a total trade valued in 1937 at \$51,843,000. Furthermore, the 1935 agreement contained a number of quotas limiting the imports allowed at reduced rates of duty. Where it appeared that these quotas restricted Canadian exports, this new agreement provides for a complete removal of the quota or allows a substantial increase. Lastly, existing free entry was bound on 20 items in 1935, and the new convention increases that number to 32.

The following are some of the principal concessions to Canada in the new trade agreement:

Agricultural products: maximum reduction in duty on an enlarged quota in the case of heavy cattle; enlarged tariff quota for calves; maximum reductions in the duties on cream and milk; further reduction in duty on cheese—this is very important; further reduction

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in the duty on horses; reductions in the duties on oats, barley, rye, buckwheat and products made therefrom; reductions in the duties on various kinds of feeds, fresh and frozen blueberries, clover and grass seeds, certified seed and table potatoes, hay, maple sugar and maple syrup, and silver or black fox furs or skins.

Fishery products: reductions in duty covering almost the entire range of production of fish.

Forest products: removal of the requirement that imported lumber should be marked with country of origin; removal of tariff quota applicable to imports, at reduced rates of duty, of Douglas fir and Western hemlock lumber; more favourable arrangement regarding imports of red cedar shingles; reduced duties on a variety of woodenware articles; and on uncoated printing paper, hanging paper, tissue papers and crepe paper.

Minerals and metals: reduced duties on a large number of them. I will not enumerate them.

Chemicals: the same.

Manufactured goods: binding of free entry for agricultural implements, and reduced duties on patent leather; horsehide and cowhide gloves; skating boots; pipe organs; yachts; hose; wire cloth; axles; iron castings; moulders' patterns; iron and steel chains; electric stoves and ranges; electric washing machines; and waste.

In addition to the benefits which will be derived by Canadian exporters from the reductions in United States duties provided for in the new Canada-United States trade agreement, there are a great many concessions in the trade agreement between the United Kingdom and the United States which will facilitate Canadian trade. Some of these are: books; abrasives; sole leather; side upper leather; collar, bag and case leathers; grained leather; boots and shoes; numerous textile items; dressed furs; kippered herring; biscuits; jellies, jams and marmalades; ginger ale, and so on.

The Liberal party when in power in the past has striven to relieve implements of production from customs duties, so as to assist producers and consumers alike. Again in this agreement there are tariff reductions on various kinds of producers' machinery and tools. Farmers are benefited by reductions made in the duties on cream separators, dairy and creamery equipment, dairy hollow-ware, manufactured fertilizers of all kinds, sprays and insecticides, root and garden seeds, and practically all the hand tools used by the farmers, fruit growers and dairymen.

The mining industry will benefit from the lower duties on ore and rock crushers, stamp mills, rock drills, coal cutters, and other articles of mining and metallurgical equipment. Reductions in the rates on diesel and semi-diesel engines and other heavy machinery will also be useful to the mining industry, as well as to sawmills.

The lumbering and sawmill industries will benefit from the lower duties on locomotives and cars for use in sawmills. And fishermen will benefit from reduced rates on various kinds of tackle, net floats and steel trolling wire.

The Canadian home also will benefit from the reductions on many articles of household equipment. In this list are: glass tableware and other cut-glass-ware, kitchen and other hollow-ware of aluminum, clothes wringers, electric and other refrigerators, furniture of wood or metal, rugs and carpets, linoleum and oilcloth. The Canadian office will gain from the reductions on typewriters and other office equipment.

Still other important reductions are made on raw chemicals, tinplate, stainless steels, steel pipes, aircraft and parts for use in the manufacture of aircraft, dynamos, generators and electric motors of all kinds, electric precision instruments, steel castings and frames for locomotives and tenders, steel pulleys, together with a general cut of 50 per cent in the duties on all enumerated machinery of iron or steel of a class or kind not made in Canada.

Every province benefits by freer entry to the American market. True, we had of necessity to make some concessions, but the Government have not lost sight of Canadian interests. I make bold to affirm that Canadian industry as a whole has shown that it favours such a convention. This agreement, which covers so many thousands of products imported into Canada, has met with very few complaints.

Tariff reductions are not necessarily sacrifices by the country that makes them. On the contrary, they are in many instances highly profitable. The Liberal party, as honourable senators who hear me know, has stood for a lower and generally for a moderate tariff. The present Government, when they went to the people in 1935, so expressed themselves. That was no new doctrine, for the Liberal party had put it into practice for years past.

In many of the tariff concessions made the consumer stands to gain materially. This is in fact the most radical reconstruction we have had in the last quarter of a century. It will be noticed that all the modifications are downward. I may say that the same principle prevails in the agreement between Great Britain and the United States; all the tariff concessions on both sides are downward.

This agreement goes much beyond the borders of our respective markets. The most-favoured-nation principle is embodied in this convention. This policy used to be keenly debated, and I have heard eloquent speakers in this Chamber discussing the advantages or disadvantages of the most-favoured-nation treatment accorded to a particular country, but which extended to certain other countries as well.

Now I feel that again we are meeting on common ground, because at the last election both parties were in accord on this point. Here is an excerpt from a letter which Mr. Herridge, on behalf of the Bennett Government, wrote to the United States Administration:

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

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

Hon. Mr. MacARTHUR: What date was that?

Hon. Mr. DANDURAND: The autumn of 1934, if I am not mistaken.

Hon. Mr. MacARTHUR: I wonder what he would say to-day.

Hon. Mr. DANDURAND: The same thing. True it is that we give advantages to other countries by reason of that agreement, but one must not lose sight of the fact that it is reciprocal. We have that same advantage with thirty countries; their concessions to other countries are assured to us automatically.

Fears were expressed concerning our apples and our wheat in the British market. The Minister of National Revenue, who represents the Annapolis Valley, dispelled such fears. His people are quite satisfied with the advantages they find in this convention. As to wheat, I am not qualified to discuss the somewhat technical and complex question concerning our abandonment of the six-cent preference which we enjoyed in the British market.

Right Hon. Mr. MEIGHEN: There is no change in the tariff on wheat as between us and the United States?

Hon. Mr. DANDURAND: No. But we abandon our advantage in the British market.

Right Hon. Mr. MEIGHEN: I am aware of that, but I was just wondering where free wheat had gone.

Hon. Mr. DANDURAND: There is no change there. As I have said, I am not qualified to discuss this complex question, but I have often been told that the preference given to our wheat in 1932 by virtue of the Ottawa convention had had no beneficial effect upon the price of wheat received by our Western farmers. I have the authority of one in contact with the wheat growers of the West, my honourable colleague the Minister of Mines and Resources, Mr. Crerar. He states his belief that the preference did not result in giving the Western wheat producer a single additional dollar for his wheat.

I have spoken of the advantages received by the Canadian consumer through this agreement. I forgot to mention the withdrawal of the so-called 3 per cent excise tax. I say "so-called" because this was purely and simply a customs duty which weighed heavily upon the consumer. It is removed on only a given number of articles contained in the first schedule accompanying this Bill, but the hope has often been expressed that it might be wiped out completely. Though this would no doubt mean a substantial loss in our general revenue, I believe it is a question well worth studying and solving in the interest of the people of this country.

One last remark before closing. It bears on the fear expressed that within the near future the United States Government may reverse their policy as implied in this agreement. Such a contingency was very much stressed at the elections of 1911. It was alleged that if we diverted the current of our trade from east to west to make it flow from north to south we should be obliged to return to the policy that we had abandoned for the alluring but evasive market of the United States. The Government's answer on this point has been given by the Minister of National Revenue. The answer, which I fully endorse, is in these words:

It is said that we are losing a certain market in Great Britain and acquiring in lieu thereof an uncertain market in the United States. Neither one of these statements is correct. We are not losing, in any sense of the word, the British market, either partly or wholly; and we are not acquiring a market in the United States which under the circumstances is likely to be uncertain. It is said that if there is a change of government in the United States this agreement may be terminated and we may find our products once more excluded from that country. One of the surest safeguards against the cancellation of the Canada-United States trade agreement is the difference between the levels of our intermediate and general tariffs, which is a very great difference, and no United States government will lightly consider the cancellation of an agreement with Canada which will subject their goods once more to the heavy disabilities of entry into this country under the general tariff. It is not reasonable that this would be the case. It may be that if their whole trading

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policy receives a new orientation at some future date, all their trade agreements will be cancelled; but if this is the case, and if our trade agreement continues with Great Britain, as we have every reason to expect that it will, the cancellation of the trade agreements as a whole will mean the restoration of our preferences in the British market, which will be a further deterrent to the cancellation of the trade agreements. So that we may expect a reasonable degree of certainty and stability to the arrangements that have been made under this trade agreement.

By this agreement the channels of trade are wide open towards the two markets which absorb 80 per cent of our exports. Canada will surely benefit by the friendly cultivation of wider economic relations with our neighbour to the south. The British Government have extended their thanks to our Dominion for having facilitated a like rapprochement with the United States. I am sure that nothing but good will result from this tripartite agreement.

I move, seconded by Right Hon. Mr. Graham, that this Bill be now read a second time.

Right Hon. ARTHUR MEIGHEN: Honourable members, this trade agreement is peculiarly a proper subject for consideration by the other House rather than by this House. My remarks upon it, and for that reason alone, will be brief.

I proceed with some hesitation. Possibly it takes considerable courage to rise in face of the Olympian authorities whom the honourable leader of the House has quoted in support of this agreement. He has held before us high names. The Minister of Mines and Resources is cited as authority for the statement that we do not lose at all by giving up a priority of six cents a bushel for our wheat in the British market. Of course, none of us would like to dispute the finality of that court of appeal in respect of a subject of this character. And while I have great regard for the Minister of National Revenue, I do not know that I ought to bow the knee to him as an authority—the very last word—as to what is going to be the likely course of American policy.

I approach the subject of the ratification of this agreement in no hostile spirit whatever. I do not review the background through the same spectacles as does the honourable leader of the House. One would think, to hear him to-night, that all reciprocity agreements were the same; that if a person opposed a reciprocity agreement with the United States twenty years ago, it would be a sign of the evolution of enlightenment for him to agree to one at the present time; that if away back in 1867 cancellation of a reciprocity agreement was injurious to us, it followed that cancellation of another to-day, or refusal to accept an

agreement, would be injurious or foolish. Well, I think there are different kinds of reciprocity.

I approach this treaty sympathetically, and I will tell the honourable leader why. Weighing the commercial advantages, after such study as I have been able to give the Bill, I think the balance is against us.

Hon. Mr. DANDURAND: Not during the last three months.

Right Hon. Mr. MEIGHEN: Oh, I have studied that too. I think the balance is against us, and I will give some reasons in a moment. I think that so far as dollars and cents are concerned, and the effect upon our trade in its vital features, we should be better off as we were. Nevertheless there is a great deal to be said at this time for any treaty which does something to remove any barrier to the general flow of world trade.

Hon. Mr. DUFF: Hear, hear.

Hon. Mr. MacARTHUR: Hear, hear.

Right Hon. Mr. MEIGHEN: Secondly, there is something to be said for a treaty which, at this crisis in the world's history, enables an agreement to be made in respect of trade or anything else as between Great Britain and the United States. Speaking solely for myself, I should be prepared to sacrifice some commercial advantage to gain those ends. I am satisfied we do make a sacrifice. The honourable leader of the House reads us a long list of articles and says, "Why, we now get a bigger market in the United States for those articles." We do get somewhat lower duties for a considerable list of articles. Needless to say, we do not get those for nothing. We give very substantial concessions for them; such concessions that the Minister of National Revenue tells us, "We are giving the United States some big things, and they are not going to be such fools as ever to cancel this agreement." That is how he views those concessions. Then the honourable leader of the House says: "We are reducing the tariff on mining machinery. Look at the good that is going to do this country. We are reducing the tariff on farm implements, and we shall benefit from that." Those are concessions to the United States of America. If they are also a benefit to us, why not wipe out the whole tariff? What a glorious paradise we should enter at once!

An Hon. SENATOR: Hear, hear.

Right Hon. Mr. MEIGHEN: It would be the easiest thing in the world to do. If the argument of the honourable leader of the House is sound, we should not have any tariff at all.

Hon. Mr. DANDURAND: Will my right honourable friend allow me?

Right Hon. Mr. MEIGHEN: Yes.

Hon. Mr. DANDURAND: Since 1879 we have, under the National Policy, increased our tariffs in order to increase our industrial activities—

Right Hon. Mr. MEIGHEN: Sure.

Hon. Mr. DANDURAND: —and help infant industries. They may still be in such a state of infancy that they still need help.

Right Hon. Mr. MEIGHEN: It was to help all industries. That is why we have industrial activity in Canada to-day. While we may be able to stand these concessions—in many cases perhaps we can—it is the utmost folly to talk of them as an advantage to our country. But if they are an advantage, then the Government are merely playing the part of a blind child in not wiping the tariff out at one stroke.

These are concessions, and very substantial concessions. The Minister of Mines and Resources says we do not lose anything by giving up an advantage of six cents a bushel on our wheat in the market which absorbs almost all the export wheat of this country. That advantage no sooner was in effect than we virtually monopolized the export of wheat from this North American continent to Great Britain. The United States almost lost its market there. Am I to listen to the Minister of Mines and Resources telling me that that was no good to Canada? When did he reach the Olympian heights to be able to talk in that manner? That is a big concession, and we have to get a great deal if we are to be compensated for it.

The honourable gentleman opposite (Hon. Mr. Dandurand) says: "In 1911 many other matters were brought up and we lost the election, but the proposed arrangement was a reciprocity agreement just as this is." Does he compare this treaty with the 1911 treaty? Not a member of this present Government would have the 1911 treaty ratified if he could do so to-night—not one of them.

Hon. Mr. MacARTHUR: Yes, we would.

Right Hon. Mr. MEIGHEN: Oh, you are not in the Government; never will be.

Some Hon. SENATORS: Oh, oh.

Right Hon. Mr. MEIGHEN: In the other House, when we were in opposition, I challenged every man on the Government side to get up and say he would; and not one would.

Hon. Mr. DUFF: I did.

Right Hon. Mr. MEIGHEN: You were not in the Government either. That is why you are here. I am talking of the Government.

Hon. Mr. DUFF: I beg your pardon. I was a member of the other House.

Right Hon. Mr. MEIGHEN: Not one will to-day. Under this treaty is fruit admitted from the United States free of duty, as it was under the Fielding tariff? That concession would have desolated every fruit area in Canada, depopulated sections among the very best and richest in this land. There is no free fruit in this treaty. After the 1911 treaty was rejected what did we hear of the great foolishness we had perpetrated? We were told we had lost free wheat and free flour. It was said we were crazy; we were giving up a chance to get free wheat and free flour into the United States—

Hon. Mr. DANDURAND: And free potatoes.

Right Hon. Mr. MEIGHEN: —and for years the changes were rung on free wheat. The West was in a panic over free wheat. Anybody who would promise it free wheat could have been elected in any riding. Is there free wheat under this treaty? Even on wheat that you cannot eat, wheat that is unfit for human consumption, you have to pay five per cent to get it into the States. The rest of the wheat is not touched at all; nor is flour. Perhaps the Minister can tell you why. If he cannot, I can. After we defeated reciprocity in 1911, and after the cry for free wheat rang through this country, the friends of agriculture appealed to the Government of the day to be sane enough, decent enough with Canadian agriculture, to get free wheat; but the United States put on their Statute Book a law which offered Canada free entrance of our flour and wheat into their country if we gave them a similar privilege in return. The cry continued. We were importuned, and it was demanded that we accept this offer. Finally we did accept the offer. How long did the arrangement last? The honourable gentleman had better go to the Minister of National Revenue, who seems to have assumed the role of prophet of American policy. He may be able to tell us. I cannot tell to a day, but I may say it lasted about three months. Then the American Government and the legislatures placed a tax on our wheat and flour, and put it up and up until it became prohibitive. The present treaty has no relation to the advantage we were supposed to have lost when we defeated reciprocity in 1911.

The honourable gentleman tells us this treaty is going to be of benefit as respects our horses. There is still a pretty fair tariff

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wall; there is a duty of fifteen dollars against horses, and to-day many of them are not worth much more. So I do not know that we are going to ship many horses into the United States. The United States have not made any very great concessions under this treaty.

The honourable gentleman tells us the 1935 arrangement was a fine thing for Canada, but the trade returns do not show it. It is true that trade improved, as it did the world over, up to the end of 1937; but it has since gone. We were told the arrangement was a grand thing for Canada; we had got this and that thing down, lowered our tariff here and there, and trade had begun to flow, and things were far better than they had been. One would think we were getting into good condition. But what are the facts? What do we see to-day? I am not painting the situation as a result of the treaties; but the treaties are here. One has been in effect for years. Was there ever a time in the history of Canada when our people were more tax-ridden, more debt-ridden and more haunted by the spectre of hunger and despair? Was the problem of unemployment ever so baffling as at this minute?

Hon. Mr. DANDURAND: It is easy to make such a statement, but more difficult to offer a remedy.

Right Hon. Mr. MEIGHEN: It is. The remedy is very difficult, I admit. I have been preaching what I think is the cure, but it has never been accepted. I do not know whether it would be if our own friends were in power. But why tell us the great joys we are now heir to because of this treaty when we have no joys at all? Our debt is going up by hundreds of millions; we are going to be down about \$100,000,000 this year. We can get the money, it is true, because everybody is afraid to put money into anything but Government bonds.

There are only two or three countries that have faced this situation, and they have not done so by trade treaties.

Hon. Mr. DANDURAND: Our exports have been increasing.

Right Hon. Mr. MEIGHEN: No. They have been going down steadily ever since the end of 1937. But even if they were going up, all you would have to do would be to look around. Nobody can look around Canada to-day without seeing more signs of despair than he ever could before.

Hon. Mr. DANDURAND: Are conditions worse than in the United States?

Right Hon. Mr. MEIGHEN: They are as bad anyway. The United States have done pretty much as we have done. They have gone on spending money in an effort to spend themselves into prosperity, and we have limped along behind them in the same foolish course. So why picture this treaty as a blessing when we are not blessed? I do not think this treaty will benefit our trade in wheat, and I can name cases in which it has already done harm. Take the pulp board industry. Take the town of Bathurst, where there is unemployment because of the treaty. And you can go into other fields.

Nevertheless there is much to be said for an enabling trade arrangement being made between Great Britain and the United States at this time. I would hesitate to criticize or vote against such a treaty. But I do not like to be told that we are moving steadily forward, inch by inch, mile by mile because of the trade treaties of the King Government. We used to hear about the French treaty, and the Italian treaty, which gave benefits on things we never dealt in at all, and which did no good. You can do a great deal if you are making a treaty with a country that is a natural consumer of your goods, but you never can get much benefit from a treaty with a country which is your greatest competitor in every line of production and industry. Therefore all I say is this—

Hon. Mr. BALLANTYNE: What about American wheat?

Right Hon. Mr. MEIGHEN: All I say is this. Let us pass the treaty—certainly we have no right to defeat it in this House—but let not the leader of the House nor anybody else here assume that we are accepting it as a blessing, or that it is going to lead us into the Promised Land. If we depend on this to bring back prosperity we shall flounder in the slough of despond for many long years to come.

Hon. CREELMAN MacARTHUR: Honourable senators, it is with great trepidation that I rise to follow the right honourable leader opposite on this big question. I am surprised that someone who is more conversant with the whole subject than I am has not taken up the case in rebuttal. The right honourable leader of the opposition has to a greater degree than any other honourable member of this House the faculty of making white appear black. I remember hearing him speak in 1935 of the Utopia that would result from the Farmers' Creditors Arrangement Act, and a few weeks ago I had the satisfaction of hearing him confess that he had been

entirely wrong. I therefore expect that a year or so from now I shall hear him make a similar confession about this trade pact.

It was never anticipated that this treaty with the United States would bring about a Utopia; but it places every part of the Dominion in an advantageous position. There must be give and take in these matters.

As to the six cents a bushel advantage on wheat, some of the Western members can speak with more assurance than I can. But I know there is a quid pro quo. When the right honourable gentleman pits his intellectual ability, which is unquestioned, against that of the experts in the Tariff Department, does he consider that they figured on these things for months, and concluded that certain concessions would be advantageous to Canada? As the right honourable gentleman admits, there are more than dollars and cents to be considered, and the removal of barriers to world trade is in itself an important feature.

The right honourable gentleman mentioned pulp, but he did not mention cattle nor the Maritime Provinces' trade in potatoes. Thirty years ago we had more people in Prince Edward Island than we have to-day, and if we had not been fooled by the flag waving in 1911 we should be in a much better condition now than we are. We know that Champ Clark spoke of annexation. That gave the Conservative party in Canada a great chance to wave the flag and cry, "No truck nor trade with the Yankees." That cry won the election, and our people, particularly in the Maritime Provinces, were the goats.

The right honourable gentleman has spoken about unemployment, and has asked what the Government are doing. There is less unemployment to-day than there was under the Government of his friends.

Some Hon. SENATORS: Oh, no.

Hon. Mr. MacARTHUR: The Minister of Labour is doing his utmost to remedy conditions, and has asked what the Government are doing. There is less unemployment to-day than there was under the Government of his friends.

I expect the right honourable leader to come back next year, when he has seen the results of the treaty, and say that it was not as bad as it looked, and that we are going to gain by it.

I should like to hear some of the honourable members who are interested in cattle speak on that phase of the question.

Hon. Mr. BALLANTYNE: Would the honourable senator tell the House what Canada is gaining in regard to fish?

Hon. Mr. MacARTHUR: I will leave that to the "Admiral." He will look after that. I do not like fish. I am a meat eater. I eat meat on Friday and every other day.

I think that on the whole this is a good treaty, and I believe the results will prove it so. If I am wrong, honourable senators opposite will have a great come-back a year from now; but I anticipate that it will be advantageous, and that the right honourable gentleman will say, as he did in the case of the Farmers' Creditors Arrangement Act, "We were all wrong."

Hon. B. F. SMITH: I should like to ask the honourable gentleman who has just taken his seat how many potatoes for table use have been exported to the United States since the 1st of January, 1939.

Hon. Mr. MacARTHUR: I shall be glad to give you the figures.

Hon. ARTHUR SAUVE: Honourable senators, I have the honour to move the adjournment of the debate.

Hon. Mr. DANDURAND: My honourable friend is one of the youngest members of this House, and I am quite sure he is capable of giving us his views on this convention at twenty minutes to ten. He has had two weeks to ponder over the treaty, and I suggest that he proceed this evening, so that those two weeks may not be lost.

Hon. Mr. SAUVE: I do not see any reason why the debate on such an important question should be pressed on.

Hon. Mr. DANDURAND: I took it for granted that when we returned after an absence of two weeks anyone who desired to speak would be ready to go on this evening.

Hon. Mr. SAUVE: It is only this evening that I have had the advantage of hearing the remarks of the honourable leader of the House, and I should like to have the night to think over what he has said.

Hon. Mr. BALLANTYNE: Perhaps there are others who want to speak.

Hon. Mr. MacARTHUR: I remember that when I wanted to adjourn a debate last session I was shut off.

Some Honourable SENATORS: Order!

Hon. Mr. MacARTHUR: Go ahead.

Hon. ARTHUR SAUVE: Honourable senators, I desire to state my reasons for what I said in an interview with the press on December 2, 1938, on the question which is now being debated. I repeat that the recent Anglo-Canadian-American pact is the greatest step ever taken towards annexation of Canada by

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the United States of America. I humbly confess that that opinion was at the time coolly received and apparently considered insignificant, but an impartial and intelligent study of current facts, in the light of the past, will show that it was justified, as has been stated not only in the great official press of Germany, but by able men, university professors and others, in America and England.

Enmity between two neighbouring states is never desirable, much less between two countries where the only physical separation is an imaginary line, a neglected fence often broken through because of the inevitable need for mutual contacts. That is why both great parties in Canada have not only endeavoured to keep up pleasant social relationships with the United States, but have tried to obtain reciprocal trade agreements, adequate for the country's interests according to the interpretation and direction of the policies of the respective parties. It has been a question of more or less limited policies, based on the interests of our young country as well as on our need for protection against the influence of our mighty neighbour.

For it is undeniable that the closer the trade relations between two neighbouring countries are, the closer will be their social contacts, the more extensive the effects of neighbourliness, and the more powerful the means of the stronger country to assimilate the weaker. We need no further proof than is to be found in the century-old neighbourliness between Canada and the United States. The new communication facilities by land and air, together with the attraction exercised by a dynamic population with free institutions and promising business opportunities, continue daily to Americanize our Canadian life. The Liberal-Democratic policies on both sides of the 45th parallel will contribute to hasten this Americanization. One hears it said on every side that the tariff is "the only real boundary between the two countries." Every day American capital extends its mastery of our subsoil and our minds; while English capital is rather more interested in South America, particularly in Argentina. England ever turns to the field which seems more likely to benefit her. Business is business.

Whenever the United States approach the Mother Country with business propositions they meet with favourable consideration, even when it seems to us that our Canadian interests should be indissolubly linked up with those of Britain. "Remember the Maine!" "Remember Alaska!" Who knows whether, in a more or less distant future, it will not even be possible to say: "Remember the province of Quebec!" or "Remember

Canada!" Here is the St. Lawrence question. Will it be settled by the Roosevelt-King political party? If so, how will they settle it? The St. Lawrence question: Will England be called as referee by the United States? Or will it act as the interested third party to an exchange?

In the official statement to the press as well as in the preamble to the Canada-United States trade agreement, the Canadian Government state that the object of this agreement, signed on November 17, 1938, is "to facilitate and extend still further the commercial relations existing between Canada and the United States of America by granting reciprocal concessions and advantages for the promotion of trade." And it was also stated in the press that in order to make possible the treaty between England and the United States it was necessary to revise the 1932 trade agreements, which Canada had been so happy as to obtain at the Ottawa Conference.

At Washington's request London asked Canada to share with her powerful neighbour the preference granted us on the markets of the British Empire. The King Cabinet yielded promptly to the request of England and the will of the United States, as they wished to avoid all possibilities of limiting, even in the least degree, reciprocity between the two countries. This, in short, is the gist of paragraphs 4, 6 and 7 of the official statement to the press regarding what the review Canadian Business called "the new trade triangle."

How often has it not been declared that such reciprocity, extolled under different forms by the Liberal-Democratic parties of North America for over a century, must lead us to political and commercial union, and then to complete union unless the Canadian people call a halt, as they did in the past? Will it be possible for us to call a halt if, as recently predicted by Lord Russell, English philosopher, the United States becomes a dictator country, controlling the whole world? It is obvious that the United States entertain such a dream. And I am inclined to apprehend the possibility, in an increasingly near future, of a United American New World as the most powerful of nations.

At the Ottawa Conference in 1932 Right Honourable Mr. Bennett, whose intelligent steadfastness will never be forgotten, was able, with the help of the other Dominions, especially Australia, to obtain from England reciprocal preference for all British countries. England accepted Canada's proposition, but was rather opposed to it and gave it only lukewarm support. The great statesman who at that time presided over the destinies of our country, the man whose strong personality

made such a lively and deep impression on the world, may well count the Ottawa agreements as his master stroke.

Right Hon. Mr. MEIGHEN: Hear, hear.

Hon. Mr. SAUVE: The policy of preferment in favour of Canada was beginning to produce beneficial results. The annual volume of our exports was increasing considerably, while our farmers in general were protected against ruinous competition and our market gardeners enjoyed a seasonal tariff wisely applied through timely Orders in Council. More and more Canada was becoming England's recognized source of supply for raw materials and foodstuffs. England took 40 per cent of our exports, and was by way of replacing the United States as our most important buyer. But progress in this direction has now been obstructed by the Anglo-American treaty, thanks to the sacrifices consented to by the Canadian Government.

Under the heading "Home Market" the Simcoe Reformer, of Simcoe, Ontario, said last week:

With the British market becoming more and more restricted, particularly since the preference was extended to United States apples, the Canadian grower must look elsewhere to market a portion of his crop.

The London Economist says that in 1929 the United States sold to the United Kingdom 22,265,900 hundredweights of wheat, and that in 1936, four years after the date of the Ottawa agreements, the sales had been reduced to 45,400 hundredweights. And on November 26, 1938, the same English publication, commenting on the Anglo-American treaty, said:

Most of the agricultural products affected are not grown in this country, or where they are, the domestic producer is already safeguarded. In these cases the effect of the agreement will largely be to divert a certain quantity of trade from Dominion (largely Canadian) to American hands.

The new Canada-United States trade agreement includes a certain protective tariff, but most of it is not for the right season, the seasonal protection being granted to Canadian market gardeners before or after it is necessary. The agreement takes no account of the climatic differences which affect vegetation and production. The climate in the district of Montreal is not the same as in the St. Catharines district in Ontario, nor as in Vancouver, nor even the same as in Quebec. It is not foreseen that quantities of American products might be stored ahead in cold storage warehouses, then thrown on the Montreal market at the same time as the early

vegetables of the province are. The Canadian market gardener will be directly affected. The agreement distinctly favours the United States and will lead to Americanization.

The policy followed since the Ottawa Conference gave our American neighbours food for thought, for they wished to bind us behind their high tariff walls, depriving us of outlets for our produce and bringing us more speedily to commercial union. In 1934 the United States consented to discussions leading to a reciprocity treaty, but Mr. Roosevelt found Mr. Bennett's proposition too Canadian, too Conservative, and decided it would be more advantageous to await the advent of power of a Government headed by his best friend in Canada, Right Honourable Mackenzie King. After the 1935 election Mr. Roosevelt, in his turn, made a proposition which the Canadian Prime Minister, Mr. King, and his party accepted generously and with pleasure. Mr. King said this was only the beginning. Indeed, Mr. Roosevelt wanted Mr. King to bring pressure on Great Britain so that that country would grant the United States the same trade preferences obtained by Canada in 1932 in the great markets of the British Commonwealth. At the same time, Washington began with London negotiations towards a commercial and military alliance.

After discussion with Great Britain, the Prime Minister of Canada liberally consented to sacrifice part of the preferential advantages gained through the agreements of 1932. First of all, Great Britain asks Canada, the most interested party, to make room for United States competition on the preferential market of the British Empire. This demand is motivated by the desire for the assistance of the United States of North America—of the whole American continent, if possible—for Great Britain fears the humiliating threats of the totalitarian states and the no less humiliating failures of the capitalistic, aristocratic, dictatorial and popular democracies. Great Britain asks Canada to consent to a sacrifice, a sacrifice which should be remembered if war broke out to-morrow. This contribution we have just made is no light one, but most costly.

It is therefore not surprising that Sir Gerald Campbell, High Commissioner for Great Britain in Canada, should have hastened last December 13, in the name of the British Government, to extol highly the action of Canada, the sacrifices consented to by Canadians in order to ensure treaties between the United Kingdom and the United States, and between Canada and the United States. The Montreal Star of December 12, 1938, says:

Sir Gerald Campbell, British High Commissioner to Canada, told the members of the Hon. Mr. SAUVÉ.

Royal Empire Society at a luncheon in his honour, that the British Government and the people of Britain appreciated enormously what Canada had done and what many Canadians had sacrificed in order to bring about the treaties between the United Kingdom and the United States, and between Canada and the United States.

The Star adds:

Sir Gerald pointed out that the British Commonwealth of Nations was a changing heritage, and that Empire citizens had to see that it "swings with the quake because earthquakes are rumbling all through the world and seem to be almost continuous."

The Weekly Times, of London, said:

It is quite possible for Englishmen and Americans to work each in their own hemisphere, for the same ideals. The recognition of this truth is aptly symbolized by the fact that the King will enter the United States primarily as King of Canada.

The pact between Great Britain and the United States is clear enough. But will it last? And if it does, will not Great Britain be called upon to make new concessions to Washington at the expense of Canada?

According to an Associated Press dispatch from Washington, dated December 23—more than one month after this new trade treaty was signed—Robert B. Reynolds, Democratic senator from North Carolina for the past six years, emphatically affirmed that:

If Britain wants to prove her friendship for America, she could arrange for the transfer to the United States of a fifty-mile corridor from the United States to Alaska for construction of a super-highway. . . .

When American people think of Britain, they think of what Britain owes us and wonder why the debt isn't paid. Let them give us this fifty-mile corridor as part payment.

Another Associated Press dispatch from Washington, dated December 8 last, announced that:

The new United States defence program broadened to embrace the entire western hemisphere, may become a factor in deciding the long-standing controversy over development of the Great Lakes-St. Lawrence basin.

A War Department spokesman said to-day that the huge seaway plan was being studied by the army high command in connection with other national defence matters.

What part the proposed project would have in any defence scheme was not disclosed. President Roosevelt said some time ago that demands for electrical energy by industry located in the St. Lawrence area probably would increase tremendously in time of war. . . .

President Roosevelt indicated a few weeks ago, however, that he intended to press the issue. He announced that he had discussed the new seaway treaty with Premier Mackenzie King when the Canadian Prime Minister was a recent guest at the White House. Mr. Roosevelt said that Mr. King agreed that speedy conclusion of a waterway pact was desirable.

I found these references in the impressive speech which my former colleague, Hon. Mr. Cahan, delivered in the House of Commons on January 31 last.

Therefore the new treaty rather favours Great Britain and the United States. The Canadian Government sacrificed national interests which affect our very life, in order to allow Great Britain to enter into a commercial treaty with the United States with a view to a later agreement for common military defence. Before signing the British-American treaty the United States Government persisted in asserting their neutrality in case of a European conflict. After the Munich accord, Hitler congratulated President Roosevelt. Previously the United States had fatally weakened the League of Nations through their abstention; although the formation of the League was chiefly the work of President Wilson—another Democratic leader—the principal collaborator in disastrous peace treaties. Ever since the conclusion of the treaty and the agreement President Roosevelt has been urging the United States to adopt an intensive armament program—a program which impresses the Canadian Government. He ceaselessly and severely takes to task the Rome and Berlin dictators. Such is his fuming and raving that he is accused of provoking dangerous retaliation. He calls on Canada to arm. My words do not imply acrimony towards Great Britain and the United States; I am merely calling attention to certain facts the Canadian Government have tried to hide among their too-numerous secrets.

I have a great deal of admiration for Mr. Neville Chamberlain, whom I had the honour to meet in person both in Ottawa and in London. My opinion of him is similar to that which I gained upon reading the biography of Lord Salisbury, who, at the time of his death in 1903, was recognized as one of the most celebrated and accomplished statesmen of the last century. It was generally admitted that for many years Salisbury laboured unceasingly to maintain England's prestige in every corner of the earth. He was a born diplomat, with a smiling and quiet brand of diplomacy. Unhurried, and disdainful to raise his voice, he ever preferred to act with moderation, finesse and faultless courtesy. It is he who, to a certain extent, made possible closer relations between Great Britain and the United States, towards which country he continually gave evidence of the friendliest regard. History will undoubtedly record a similar achievement on the part of Mr. Neville Chamberlain, now Prime Minister of Great Britain and a powerful director of the vast

imperialistic policy conceived by his father, Mr. Joseph Chamberlain—one of the greatest statesmen of modern times.

The assistance offered by the United States to Great Britain and to France would be a great advantage were it not likely to arouse the enmity of the triple alliance of Italy, Germany and Japan. But is the assistance to be relied upon? The spectacular changes of public opinion in the United States give us reason for doubt, and cause to fear the American gods. The American Congress calls the President to task in such an impressive manner that once more he wavers.

Could Great Britain from motives of justice and humanity have found other ways to draw the American Republic nearer to her without taking away some of the preferential advantages granted at the time of the Ottawa Conference? Great Britain designed a pact likely to secure the attachment of the whole North American continent—a commercial pact concluded in peace time to ensure common military participation in time of war. Through the influence of the United States, Great Britain wishes to secure full military participation from Canada, but without appearing to ask for it. That is why the militant and militarily-inclined Imperialists had so little to say against the Canada-United States Treaty. Compared with their violent attacks of 1911 against the Taft-Fielding plan, the protectionist Imperialists had very, very little to say.

Canada is more than ever subject to American influence. Our Prime Minister Mr. King and several of his colleagues, for instance Mr. Howe, received their education in the United States. They are political friends of the Liberal-Democratic party of which Mr. Roosevelt styles himself the leader, and they are followers of his doctrines. The leader of this great dictatorial democracy is powerful enough to deny and throw overboard those Democrats who, like many Canadian Liberals, are rather conservatively inclined—even more conservative than the Conservatives, be they Liberals or Nationalists.

If war breaks out the Government will not try to organize a Union Cabinet with the help of the Conservative party and the other groups in the House; they will prefer to rely on the support and influence of Mr. Roosevelt's Democrats. With the King Government, Canada will follow in Washington's footsteps. It would be a Washington-Ottawa Government. This is hardly reassuring either for those who are against Imperialists and conscription, or for those who believe in limited participation, or for those who are in favour of total or partial abstention—and the latter are more numerous than is generally imagined.

We shall then see a Canada-United States union in time of war, which will quietly and definitely develop into an American Union in peace as well as in war time.

The Canadian Business Review in its issue of last December says:

After President Roosevelt, at Queen's University in August, told Canada his country could not stand idly by and see the Dominion invaded or even threatened, Premier King at Woodbridge said this meant that Canada's obligation was increased rather than lessened, that this country from a sense of self-respect would have to build a real defence system so that the Dominion might be really deserving of help when it was needed.

And here is another paragraph from the Review:

Canada's defence policy must also be affected by recent Washington happenings. Premier King's latest conversations with President Roosevelt touched on defence, as well as the seaway project and the problem of Jewish refugees. What plan the Prime Minister submits to Parliament this session to put Canada's defence equipment on a respectable basis will, to a considerable extent, be governed by what he learned at the White House.

My words are not prompted by animosity towards Mr. Roosevelt or Mr. King. I entertain high esteem for Mr. King and reasonable admiration for Mr. Roosevelt.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. SAUVE: I even admit that it is neither foolish nor illogical to consider the possibility, even the probability, of an Anglo-Saxon union which would include Canada and the United States, and bring about national unity over the whole North American continent. Indeed, the idea has been alive on our continent for over a century. It constantly makes new converts, even in our great colleges. University professors raise their voices in its defence. There is no longer talk of annexation, as in the time of Papineau, Abbott, Galt, Dessaulles, Fabre, Charlton, Edward Farrer, Erastus Wyman, Goldwin Smith, John Willison and many others. A new formula has been adopted: pan-Americanism. Anyone who reads Edward Farrer's letters in the New York Sun will see that most of the main problems of Canadian policy have for over a century more or less agitated public opinion in the United States.

In his book on Canada, André Siegfried has the following to say:

One might perhaps say that the existence of a special country called Canada, as distinct from the United States, is very nearly an historical accident. Such separate existence is a political paradox; nature did not endow it with particular personality and there is no geographical difference to separate it from its great neighbour to the south.

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Mr. Paul Verner, of Montreal, graduate in Social Sciences, in an exhaustive study of Our Commercial Policy of To-morrow, speaks of Canada as "an artificial country," with sparse population massed alongside the American boundary and the St. Lawrence, whose varied interests, because of her geographical situation, make her position precarious. Mr. Verner seems to consider free trade as the political ideal, although he would limit it for Canada, and adds:

The boundary is only an imaginary line and commercial currents are established between the neighbouring districts of the two countries more tenacious than even the inter-Canadian currents. The Canadian population often finds it more advantageous to buy the products of the neighbouring States of the American Republic than to send to the other extremities of Canada for them. Vancouver is more intimately connected with Seattle, even with Los Angeles, than with Toronto or Montreal. The farmers of the Canadian West buy a great deal from the American cities near them. There are such tremendous distances between the ends of the country that no one even thinks of regular and direct exchange between the extremities of the Dominion.

So that free trade between Canada and the United States for all purchases not above \$100 is another step towards Anglo-American union, thanks to the Roosevelt-King policies.

Mr. Verner denounces protection, although he finds it necessary to a certain point and in certain circumstances. His article may be found in a magazine called "Actualité Economique," the official organ of l'Ecole des Hautes Etudes Commerciales of Montreal, this school being affiliated with the University of Montreal. In this most interesting magazine young scholars find occasion to say, as well as to read, things of importance and high educational value. Any one who reads it will see how young Canadians get their education, how they learn to work, or how they should work.

American policy tends towards the realization on this new continent of a great American whole. President Roosevelt gave indications in that direction at the opening of the Pan-American Conference at Buenos Ayres, in January, 1937, when he wanted to create a League of American Nations, after his own country caused the failure of the Geneva League, which had at least allowed certain of the Latin-American countries to protect themselves against the Washington policy—a policy which, according to a French newspaper writer, would for lack of counter-balance pull those countries into its orbit. The day after the conference Charles Lesca, a Latin-American journalist, wrote:

The United States have not abandoned the idea of advancing their economic and even political advantages on the rest of the conti-

nent, but, with Roosevelt, they hope to get further by coming forward as friends rather than as school teachers armed with a big stick. The unity of America in international matters is now realized, at least theoretically.

At the Eighth Lima Conference, held at Lima, Peru, in 1938, American solidarity and the necessity of defence against aggression was emphasized. At the same conference it was stated that the peoples of America had brought about "spiritual unity"—"continental solidarity, in order to defend the peace of the continent and universal harmony against all foreign interference or activity which might threaten them"; in point of fact, against the totalitarian states. That sums up the Lima proclamation. The United States were unable to persuade South America to go further along the way towards coalition after Germany played her cards. Besides, in South America there are sacred traditions which are jealously and rightfully guarded.

It should not be forgotten that the Prime Minister, the Right Hon. Mr. King, was severely censured because Canada did not take part in the two meetings of the Pan-American Union. That is a new symptom. After stating the reasons why Canada had not been invited, this is what the Right Hon. Prime Minister said:

It would be possible to propose, or have a friendly member propose, that the necessary adjustments should be made in the constitution and procedure of the Union to make our membership possible. Public opinion in favour of some such course has undoubtedly increased in recent years. I do not, however, consider that it has yet become sufficiently widespread or sufficiently informed and matured to warrant immediate steps in that direction. It is a possibility which should be given consideration in the future, along with other means, trade and governmental, of bringing about closer relationships between our country and those countries which are destined to play an increasingly significant part in the world's affairs.

That is another symptom. Are these words not deeply significant when new alliances are dawning in Europe and in America? I recognize that, notwithstanding the heavy Western breezes, our sympathetic Prime Minister is most skilful in guiding his vessel through the obstructions of our political waters. His excessive fear of shoals impedes his progress, even when circumstances would urge him to hasten; and, to be quite loyal, I cannot say that the country is always the worse for it, as, for example, when he is urged to undertake the deepening of the St. Lawrence.

The dream of Lord Durham, the great Liberal nobleman who apparently was sympathetic to French Canadians—the dream of assimilation—is still pursued in America. There are in the United States and Canada, and even in Great Britain and France, as

there were fifty years ago, a few who believe that the special rights granted the French Canadians will disappear in the securing of national unity and peace. These people believe that such unity can only be accomplished through an entirely Anglo-Saxon community in the midst of a great American union, under the flag of Uncle Sam. Farrer's successors think that only American institutions will succeed in making the population of Canada wholly Anglo-Saxon; that the nation will be all the stronger if English-speaking immigrants are numerous enough to fill the Canadian West. That theory finds disciples in Great Britain among those who study and forecast the future of the new world and the acute phases of the chronic illness of old Europe. In 1934, in Paris, I heard Siegfried speak of the "modification to European hegemony," and of what he called, "a sort of change in the centre of the planet's gravity." There must, therefore, be some plausibility in the contention of the large body of opinion which maintains that the English-speaking countries are by way of making common cause, and coming to "spiritual unity." The United States have vital interests to safeguard and develop, and commercial interests in the British Empire, which reaches all parts of the globe. To realize this it is only necessary to have an accurate knowledge of the economic geography of the world. Our ignorance of commercial and maritime geography is a great cause of weakness, a source of errors, of faults and of popular prejudices, which the leaders of the country should be the first to realize. If we knew our country well enough to understand fully its immediate needs and its destiny, if we had a better knowledge of power on land and sea, we should be better judges of the economic strength and universality of the British Empire, and should be better able to gauge seriously all that attaches to it.

A correspondent of the Paris Temps, in speaking recently of the fundamental importance of understanding the political-geographic part played by the sea, said:

It is necessary to observe the continents from the open sea.

How many interests are there that we should observe from the open sea, not in the narrow earthbound way? If we observed the continents from the open sea, should we not see more clearly the commercial current that Canada should follow to find outlets and markets, without which there can be no economic progress? Would it not be more profitable to look as far as the Mediterranean than to confine ourselves to neighbourly exchanges?

(Translation) I shall now, honourable senators, conclude in French. I hope that when Canada is annexed to the United States I shall be in a better position to speak in English. I deeply regret having taken up so much of the time of the House and having abused its patience. I note the atmosphere, and trust that my experience will be profitable to all.

Hon. Mr. DANDURAND: Honourable senators, I do not regret having suggested to my honourable friend that he should proceed this evening. I have followed his disquisition on the fate of Canada, and although not sharing his fears for the morrow, I have listened with considerable interest to his views on what may be expected in the future.

The honourable member has spoken more than once of the views of André Siegfried. I may say that his last book, "Le Canada—puissance internationale," revealed this country to many Canadians who could not view it with the same objectivity as did a stranger of high culture like André Siegfried. I am not ready to subscribe to the theories of Mr. Siegfried in their entirety; nevertheless, in his book there is considerable food for thought. Those who have not read this book—I think it has been translated into English—will find it a most interesting study of Canada, past, present and future. Many readers will probably be somewhat surprised at some of his conclusions, but there is much to be said for many of them. He expresses a doubt as to the possibility of our country remaining autonomous and independent of the United States, because of the tremendous magnetic influence of that country on a country like ours. I am not afraid of the magnetism of American public men ever affecting our standing as an autonomous country.

I do not know whether I have ever mentioned a little incident which took place at a banquet I was attending in New York at a time when President Taft was signing treaties with the South American republics. Canada had just signed the Taft-Fielding Treaty. At that time there was guerilla warfare in Mexico, and Villa, one of the captains, had even fired upon Americans across the Rio Grande, and I think General Pershing had been allowed to cross the Rio Grande in order to try to protect residents of the United States. I had occasion to speak before President Taft. I said that we in Canada were happy to see Brother Jonathan face to face; that in the past we had only seen his back, as he was constantly turned towards the south. When President Taft rose to follow me he said: "My friend Senator Dandurand seems to reproach us for not having turned our face towards Canada. He has failed to notice that

Hon. Mr. SAUVÉ.

this is a very great compliment on our part, in that we have not needed to protect ourselves in that direction. At the moment we would not dare turn our back to Mexico." Such, I think, is still the view of the leaders of public opinion in the United States. No one in the United States thinks of Canada but as a partner in North America. The habits, traditions and mentality of the two countries are the same, and I feel that the United States are most happy to treat us as associates, and as associates only.

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.

DIVORCE BILLS

SECOND READINGS

On motion of Hon. Mr. Robinson, Chairman of the Committee on Divorce, the following Bills were severally read the second time:

Bill D2, an Act for the relief of Helen Kerr Hogg Molson.

Bill E2, an Act for the relief of Adele Adfeldt Grunau.

Bill F2, an Act for the relief of Jeanne Beauregard Desnoyers.

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

THE SENATE

Wednesday, April 19, 1939.

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

Prayers and routine proceedings.

PRIVATE BILLS

PETITION

Hon. Mr. ROBINSON presented a petition from the New Brunswick Railway Company.

He said: Honourable senators, one day's notice is usually required before a petition is read and received. It is rather urgent that this petition be proceeded with at once, and with leave I move that it be now read and received.

Hon. Mr. DANDURAND: What is it about?

Right Hon. Mr. MEIGHEN: A private bill of the New Brunswick Railway Company to promote a bond issue.

The motion was agreed to.

REPORT OF COMMITTEE

Hon. Mr. BUCHANAN presented, and moved concurrence in, the eighth report of the Standing Committee on Standing Orders.

The motion was agreed to.

FIRST READING

Right Hon. Mr. MEIGHEN introduced Bill G2, an Act to incorporate Universal Eucozone Limited.

He said: Honourable senators, this is the Bill which I think is referred to in the report just adopted. The object of the Bill is simply the incorporation of a company. I am not very clear as to why the sponsors wish to have the company incorporated by a special Act instead of under the Companies Act, but that is their own business. No special right is sought.

Hon. Mr. DANDURAND: What is the title?

Right Hon. Mr. MEIGHEN: An Act to incorporate Universal Eucozone Limited. Please do not ask me at present what Eucozone is.

The Bill was read the first time.

SECOND READING

The Hon. the SPEAKER: When shall this Bill (G2) be read a second time?

Right Hon. Mr. MEIGHEN: If there is no objection, I would move that it be read a second time now. My reason for so moving is that the Bill is somewhat late in being introduced, and it will perhaps meet with difficulties unless it is hurried here.

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

SUSPENSION OF RULE

Right Hon. Mr. MEIGHEN: Honourable senators, with leave of the Senate, I move that Rule 119 be suspended in so far as it relates to Bill G2, an Act to incorporate Universal Eucozone Limited. That rule requires posting of the notice for seven days before a private bill can be considered by a committee. My purpose in making the motion is that a penalty, which is quite severe, may not be incurred. The House would have no right to pass this motion unless it accepted

my assurance that the Bill contains nothing extraordinary. I give that assurance without qualification, for the Bill has no other object than the incorporation of a company.

The motion was agreed to.

NATIONAL FILM BILL

REPORT OF COMMITTEE

Hon. Mr. BLACK presented the report of the Standing Committee on Banking and Commerce on Bill 35, an Act to create a National Film Board.

MOTION FOR THIRD READING

The Hon. the SPEAKER: No amendments to this Bill are recommended. When shall it be read a third time?

Hon. Mr. DANDURAND: Now.

Right Hon. Mr. MEIGHEN: I would ask the honourable leader to defer the third reading as long as possible.

Hon. Mr. DANDURAND: To-morrow?

Right Hon. Mr. MEIGHEN: If that is as long as the honourable gentleman feels will be convenient, I shall not object. I want to make a few remarks on the third reading, and I could not make them as satisfactorily now as later.

Hon. Mr. DANDURAND: If my right honourable friend is not ready to-morrow, we shall adjourn the motion for third reading to a later date.

Right Hon. Mr. MEIGHEN: I shall be ready.

The Hon. the SPEAKER: The next sitting of the House.

SMALL LOANS BILL

REPORT OF COMMITTEE

Hon. Mr. BLACK presented, and moved concurrence in, the report of the Standing Committee on Banking and Commerce on Bill Z, an Act respecting Small Loans.

He said: The committee recommend that at page 4, line 15, the following be added as sub-clause 7 to clause 5:

No such licensee shall advertise by way of radio communication in whole or in part his business authorized by or under this Act.

Hon. A. C. HARDY: Honourable senators, I have no objection to make to the Bill itself, but I do object to the proposed amendment. I see no good reason why these small loan companies, while allowed to advertise in the newspapers or in other ways, should yet be prohibited from advertising by radio. They

are carrying on a legitimate business, and in my view the proposed amendment would be a reflection on their bona fides.

In the committee to-day the honourable senator who sponsored the amendment said that some weak women, perhaps even some weak men, might be so influenced by radio advertising as to borrow money in order to buy things which they did not really need. These companies are responsible corporations with considerable financial backing and are not afraid to advertise by radio or any other means, whereas the loan sharks are about the last persons in the world who would want to advertise their business. There may be some large companies doing business as loan sharks, but the great majority of the sharks are small men hiding away in the background, and they wish to avoid public notice. The proposed amendment would be a stigma on the reputable loan companies and give the loan sharks a great advantage. This consideration alone should warrant its rejection.

One reason for prohibiting radio advertising might be that it would increase the overhead costs of the small loan companies, but under this Bill those costs mean nothing at all to the borrower. The companies are restricted to 2 per cent overhead to cover interest and all their costs and other charges. Therefore, even if they wanted to spend 1½ per cent on advertising, they could not add one dollar extra to their charges against the borrower.

I do not know whether the House will give the matter much consideration, as we have had loan bills before us for several sessions, but to my mind this is a most important matter. I would move that this amendment on page 4 be not concurred in.

The Hon. the SPEAKER: The motion before the Senate, honourable members, is that the report recommending the amendment be concurred in. It is proposed by Hon. Senator Hardy that the amendment be not concurred in.

Right Hon. Mr. MEIGHEN: The report now before the House provides for an amendment to the Bill. A motion having been put for concurrence in that amendment, all we need do is vote yea or nay.

Hon. Mr. HARDY: I think the right honourable gentleman is correct. To be perfectly frank, I was not quite sure how I should proceed.

The Hon. the SPEAKER: The motion is that the report be adopted and the amendment concurred in. It is moved in amendment that the report be not concurred in.

Hon. Mr. HARDY.

Right Hon. Mr. MEIGHEN: With all deference, Mr. Speaker, I think the question is: Shall this amendment be adopted? Those who do not want to adopt the amendment will vote nay.

The Hon. the SPEAKER: Is it the pleasure of the House to adopt the amendment?

Hon. Mr. BLACK: Mr. Speaker, I do not think honourable members know what they are to vote on. Three honourable senators in this quarter do not know.

Right Hon. Mr. GRAHAM: Only three!

Hon. Mr. DANDURAND: Would you allow me, Mr. Speaker, to explain the situation? The Banking and Commerce Committee has reported a bill with one amendment, and the Senate has decided to discuss the matter forthwith. Now the question is: Shall this amendment be concurred in? So that those who are in favour of the amendment will say "content"; those who are against will say "non-content."

Hon. Mr. BLONDIN: That is right.

Hon. Mr. DANDURAND: While on my feet, I may say that it is very seldom I vote against a report from a committee, but the Department of Finance, represented by the Superintendent of Insurance, thinks there is no need for the proposed amendment, and I am in this dilemma, that if I agree to the amendment I must reject the point of view of the Department of Finance, which I represent here. With these few remarks, I leave the Senate to vote on the question.

Hon. Mr. CALDER: Honourable senators, I feel quite certain there is still a likelihood of some members not clearly understanding how they are voting.

Hon. Mr. BALLANTYNE: Oh, no.

Hon. Mr. CALDER: There is a motion on which we are to vote yea or nay. If we vote yea, it means that these loan companies will not have the privilege of using the radio for advertising purposes.

Some Hon. SENATORS: No.

Hon. Mr. CALDER: If we vote yea on this motion, it means that these loan companies will not be able to advertise over the radio.

Hon. Mr. DANDURAND: By our endorsing the amendment to that effect.

Hon. Mr. CALDER: We are only getting mixed up if we put that in. There is the motion before us—

Hon. Mr. LYNCH-STANTON: To adopt the report.

Hon. Mr. CALDER:—which includes this amendment. If we vote yea, the loan companies will not have the privilege of using the radio for advertising.

Hon. Mr. DONNELLY: I think the proper procedure for the right honourable senator from Leeds (Hon. Mr. Hardy) would be to move that the report be referred back to the committee with instructions to do certain things.

The Hon. the SPEAKER: I think the honourable member's suggestion is well founded.

Hon. Mr. BLONDIN: Honourable members, when a bill is reported by a committee with an amendment, the procedure requires a vote first on the amendment. If the amendment is concurred in, then the second question is: Shall the Bill, as amended, be adopted? I think that should be the procedure here.

The Hon. the SPEAKER: Is the suggestion of the honourable senator from South Bruce (Hon. Mr. Donnelly) concurred in? Or does the honourable gentleman from Westmorland (Hon. Mr. Black) wish leave of the House to withdraw his motion for immediate consideration of the report, and to have it stand until the next sitting?

Hon. Mr. BLACK: No, honourable members, that is not my intention. Unless someone desires to make that motion, I think we had better vote on the amendment made by the committee to the Bill. If that is adopted, the next question would be: Shall the Bill, as amended, be adopted?

The Hon. the SPEAKER: The motion, honourable senators, is that the amendment as proposed by the Standing Committee on Banking and Commerce be concurred in. Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. SENATORS: No.

Some Hon. SENATORS: Carried.

The motion of Hon. Mr. Black was negatived: contents, 22; non-contents, 29.

THIRD READING

The Hon. the SPEAKER: When shall this Bill be read a third time?

Hon. Mr. DANDURAND: With leave, I move that it be read a third time now.

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

POPULATION OF GERMAN ORIGIN NOTICE OF INQUIRY

Hon. Mr. GRIESBACH: Honourable senators, I give notice of an inquiry of the Government:

What is the German population of Canada, by provinces, for the years 1921, 1931 and 1939?

Right Hon. Mr. MEIGHEN: I am not in the Government, but if I were I should not know what the question meant. What is meant by "German population"?

Hon. Mr. GRIESBACH: I am asking what the German population, by provinces, was in 1921, 1931 and 1939. If my right honourable friend does not know what the term "German population" means, he need not worry, because the Dominion Statistician knows it and will answer in accordance with regulations which he has laid down, I take it, for segregation of various nationalities.

Hon. Mr. BLACK: For the information of those who do not know, may I ask, does the term mean residents in Canada who were born in Germany, or does it mean residents in Canada of German descent?

Hon. Mr. GRIESBACH: I am only asking for figures on the German population of Canada. The method of taking the census determines that question. The census takers follow racial origins back so many generations.

Right Hon. Mr. MEIGHEN: That may be, but they do not use the term "German population."

Hon. Mr. GRIESBACH: Population of German origin.

Right Hon. Mr. MEIGHEN: That is exactly the point I was making.

Hon. Mr. GRIESBACH: Then I will amend my notice to read, "What is the population of German origin?"

Hon. Mr. DANDURAND: Is the honourable gentleman making a distinction between naturalized Germans and others?

Hon. Mr. GRIESBACH: No. I want to know the population of German origin for the years mentioned.

DIVORCE BILLS THIRD READINGS

On motion of Hon. Mr. Robinson, Chairman of the Committee on Divorce, the following Bills were read the third time, and passed:

Bill D2, an Act for the relief of Helen Kerr Hogg Molson.

Bill E2, an Act for the relief of Adele Adfeldt Grunau.

Bill F2, an Act for the relief of Jeanne Beauregard Desnoyers.

DEFENCE PURCHASES, PROFITS CONTROL, AND FINANCING BILL

SECOND READING

Hon. **RAOUL DANDURAND** moved the second reading of Bill 38, an Act to establish a Defence Purchasing Board to control the awarding of contracts for the manufacture of defence equipment and the construction of defence projects, to limit costs and control profits in respect of such contracts, and to authorize the raising by way of loans of certain sums of money for such purposes.

He said: Honourable senators, this measure has quite a long title, but it may be cited as the Defence Purchases, Profits Control, and Financing Act, 1939. It will meet the views of most of those people throughout the world who have constantly been protesting against the idea that men should enrich themselves by the manufacture of war materials when their compatriots were giving their lives on the battlefield for the defence of their country. It is felt that profits made in that way in time of war are grossly unjust and immoral, and in many countries there has been an insistent demand that wealth be conscripted as well as men. This sentiment has been extended by many people to include munitions profits made in times of peace, and a considerable body of public opinion supports the prohibition of private manufacture of munitions. The present Bill does not go so far as that, but it seeks to impose considerable limitation on the profits of munition and armament contractors.

In 1915 Great Britain passed the Munitions of War Act with a view to limiting profits in establishments producing munitions. In 1937 Mr. Chamberlain introduced his measure providing for national defence contribution levies, a general tax on profits. The United States likewise have adopted legislation limiting profits on some armament contracts and taxing excess profits. In 1934 that country passed the so-called Vinson Act.

Hon. Mr. **GRIESBACH**: To what amount are profits limited?

Hon. Mr. **DANDURAND**: I think the data I have before me will cover that. If it does not, I shall come back to the question.

As one of Canada's war-time measures, a War Purchasing Commission of three members was organized by an Order in Council of May 8, 1915. This Commission was given the power generally to make all contracts for the purchase of materials of war and supplies of every kind, and for transportation payable under the War Appropriation Act of 1915. The largest part of the work of the Commission concerned the purchase of supplies for the Canadian Expeditionary Force.

Hon. Mr. **GRIESBACH**.

The Order in Council sets forth certain provisions relating to the constitution of the Board, and the rules governing its procedure. For example, no contract could be made by the Commission except under a requisition made upon it by the department concerned. It might be noted, however, in contrast to the present proposed Bill, that the War Purchasing Commission did not require the approval of the Governor in Council of proposed contracts, although the Council authorized the release of funds and certain specific purchases. That is to say, so long as the War Appropriation Act gave authority for a certain expenditure, then, upon requisition by the department concerned, the Commission had the power to proceed forthwith to enter a contract. The Commission was instructed that as far as practicable tenders should be obtained and contracts given at the lowest price offered.

An Order in Council issued February 6, 1918, extended the functions of the War Purchasing Commission to cover the supervision of all purchases made by all departments of Government, and not merely purchases under War Appropriation Acts. The Board did not itself actually do the buying for all departments, but it exercised supervisory authority over the letting of contracts and the making of purchases.

In September, 1918, the War Purchasing Commission recommended to the Prime Minister the establishment of a permanent Purchasing Commission, centralizing all buying for the public service in one office. The Bill was introduced in the House, but later withdrawn. The War Purchasing Commission ceased functioning on July 1, 1920.

In 1916 an excess profits tax was introduced. Profits were to be calculated on the basis of paid-up capital stock. The measure levied a tax of 25 per cent on profits of corporations in excess of 7 per cent, and on the profits of individuals in excess of 10 per cent. In 1917 an amendment stiffened the tax rates and at the same time introduced the principle of graduation. It provided for a tax of 50 per cent on profits between 15 per cent and 20 per cent, and a tax of 75 per cent on profits in excess of 20 per cent. In 1920 the tax was moderated considerably, and following is the schedule of rates introduced at that time:

Below 10 per cent, rate of tax, none.

10 per cent—15 per cent, rate of tax, 20 per cent.

15 per cent—20 per cent, rate of tax, 30 per cent.

20 per cent—30 per cent, rate of tax, 50 per cent.

30 per cent and over, rate of tax, 60 per cent.

The business profits war tax expired December 31, 1920.

We are all aware that the volume of expenditure for defence purposes was a fairly modest one during the years preceding 1936. An average of \$17,000,000 was the annual budget of our National Defence Department during the ten preceding years. During 1936-37 that expenditure increased to approximately \$23,000,000, and the Government became concerned about the procedure to be followed for the control of undue profits in connection with peacetime contracts under any defence programme that might be authorized. The first step taken was the appointment of a committee known by the name of its chairman, the Skelton Committee. In January, 1937, that committee reported that "the problem appears to be essentially an administrative one," and recommended a standing Interdepartmental Financial Committee to assist the officials charged with the placing of contracts under the defence programme.

The Prime Minister on April 2, 1937, informed the Commons of the establishment of an Interdepartmental Committee such as had been recommended, and, at the same time, outlined Government policy for the control of profits with respect to armament expenditure. The statement made by the Prime Minister at that time is as follows:

For some months past an Interdepartmental Committee has been going very carefully into the whole question of the control of profits with respect to munitions of war. That committee has been working in conjunction with members of the Government. The line upon which we have been proceeding is to attempt to draw a distinction between war materials produced in times of peace and what may be necessary in times of war. Unquestionably special legislation would be required in times of war. At the present time, in a time of peace, the Government is proceeding on the theory of permitting competition with reasonable remuneration, the work to be subject to inspection and audit. Different forms of control have been suggested by the departments. Members of the Interdepartmental Committee are working together with a view to effecting just what my honourable friend has in mind. I can assure him that the whole question is one to which the Government is giving careful consideration, and that it will continue to do so. We agree with him in asserting the principle that no profits should be made out of war.

Estimates for defence expenditure for the forthcoming year are nearly double those of last year. The Government have felt the need of placing such a volume of unusual expenditure in the hands of a specialized executive committee, a body composed of men having an intimate knowledge of industrial and commercial affairs and experienced in business matters. It was felt that this was

a logical move to make in order to secure the most economical expenditure of the funds appropriated by Parliament.

The Bill consists of two parts. Part I provides for the establishment of the Defence Purchasing Board and sets forth its duties and the relations between the Board and the Department of National Defence, the Minister of Finance and the Governor in Council. Procedures are laid down, designed to limit cost to the Government and to safeguard against undue or unreasonable profits to any contractor or sub-contractor. Furthermore, Part I contains the very important provisions definitely limiting profits on non-competitive defence equipment contracts to the maximum of 5 per cent on the capital employed in carrying out the contract. This principle is given effect to through the device of taxing away profits in excess of the maximum 5 per cent allowed. Part II of the Bill provides the authority for borrowing to meet that part of defence expenditures which, as indicated in the estimates, is to be charged to capital account.

The Defence Purchasing Board is to consist of four members, a chairman and three other members, appointed for a term of five years. The chairman will be the chief executive officer, receiving a salary, and will devote his whole time to the Board. The remaining three members will not be on salary, but will be reimbursed in respect of actual expenses and will receive a per diem allowance for time devoted to the work of the Board.

This Board is to be given exclusive power to negotiate and recommend contracts in respect of armaments and defence equipment and defence projects. Procedure under the provisions of this Bill will be as follows. Parliament, in an Appropriation Bill, will have provided funds for a certain programme of expenditure for defence. It then devolves upon the Department of National Defence as an executive department to carry out this authorized programme. Instead of having to concern itself as heretofore with the actual business dealings and the letting of contracts, the Department of National Defence will in future make requisitions to the Defence Purchasing Board for articles and equipment provided for in the defence programme, or will notify the Board of the desire of the department to have contracts let for certain construction projects such as for buildings, air-dromes, airports, ships, dockyards, fortifications or other defence projects. This will place the purely business, commercial and financial aspects of the defence programme in the hands of a specialized body appointed to carry out these particular functions.

After having received a requisition in respect of defence equipment or a project, the Board will proceed with its business of preparing to fill the order. In proceeding to fill the order the Board is explicitly instructed by this Bill with regard to the policy to be followed. The principle is laid down that, wherever practicable, tenders must be invited, either by means of advertisements in the public press or otherwise. Furthermore, the Bill declares that the Board must accept the lowest tender submitted unless it is satisfied that it would not be in the public interest to do so. It is obviously possible that in certain cases there may be good reasons why the lowest tender should not be accepted. For example, the Board may be of the opinion that the person submitting the lowest tender is not capable of carrying out the contract. In such a case, however, the Bill provides that where the lowest tender is not accepted the Board shall make a detailed report to the Minister of Finance setting forth the reasons why the lowest tender was not recommended. The Minister of Finance in turn must pass on to the Governor in Council this report, together with his own recommendations regarding it.

In cases where the Board, after carefully exploring the possibilities, comes to the decision that it is impracticable to invite tenders, then two further duties are imposed upon the Board. In the first place the Board must provide in non-competitive contracts such safeguards that a fair and reasonable cost to the Government will be assured, and no unfair or unreasonable profit will be made by the contractor. In the second place the Board must in each case of a non-competitive contract being recommended make a report to the Minister of Finance stating clearly the reasons which have led the Board to decide that it was impracticable to invite tenders. Again the Minister of Finance must submit this report to the Governor in Council, together with his own recommendations concerning it.

Procedure to be followed by the Board is still further defined in the Bill. This further duty imposed on the Board by the terms of the Bill relates to the circumstances where the Board recommends the purchase of any defence equipment outside of Canada. The Government were concerned lest the Board, in its attempt to fill the orders for defence equipment at the lowest dollar cost possible to the Government, might not be sufficiently concerned with the broader considerations of Government policy generally. The Government are determined to ensure that, unless the articles in question cannot be purchased in Canada or else cannot be secured except on

decidedly unfavourable terms, Canadian labour and Canadian industry shall be given the benefit of every dollar of defence expenditure. Accordingly, in cases where the Board recommends the purchase of any defence equipment outside of Canada the Board must make a report to the Minister of Finance stating clearly the reasons why it does not recommend that the order be placed in Canada. The Minister of Finance must submit the report with his own recommendations to the Governor in Council.

Upon the approval by the Governor in Council of any proposed contract it will be the duty of the Board to enter upon such contract as agent for the Dominion Government.

The duties of the Board do not end, however, with the mere negotiating and letting of contracts. Its duties will extend to cover subsequent supervision of the performance of such contracts; which I think the House will agree is a very important aspect of the functions of such a Board. Other auxiliary powers of the Board relate to matters which are likewise of vital importance in a broad defence programme for Canada. For example, the Board is to be given power to explore the general field of the requirements of the Department of National Defence, present or anticipated, for equipment, materials, supplies, et cetera, and may in co-operation with the Minister of National Defence survey generally facilities of existing industrial plants in Canada to determine Canada's potential ability to provide defence equipment. It is also the duty of the Board to prepare and keep up-to-date complete lists of sources of supply for defence equipment.

In order to enable the Board to carry out the extremely important duties which the Government are placing upon it, the Board is given power to employ such expert technical and professional officers as are necessary, with the approval, however, of the Governor in Council, but it is expected that the normal staff requirements of the Board will be taken care of by transfers from Government departments or by Civil Service appointments.

I have stated already the Government's intention to see that no person in Canada shall profit unfairly through Canada's need for defence. In addition to all the other safeguards already indicated, this Bill includes a provision for the definitive limitation of profits to 5 per cent per year on the average capital employed in the performance of the non-competitive contract. This will be given effect to through the levying of a tax of 100 per cent on profits in excess of 5 per cent on non-competitive contracts entered into by the

Board. This provision shall not apply, however, in the case of contracts awarded as a result of competitive tendering, since in such circumstance it may safely be assumed that unreasonable profits will not be obtained by the contractor. This measure effectively limiting profits should leave no doubt in the mind of anyone as to the Government's determination to protect the public against any who might seek to take advantage of our country's urgent need for defence. This provision is a drastic one. It goes beyond anything I know of in the legislation of any other country. It definitely eliminates any element of profiteering. It may indeed go so far as to make it difficult to carry out our programme. The Government, however, believe that it will be able to count on the co-operation of Canadian manufacturers in the essential task of providing for the effective defence of Canada.

Part II of the Bill needs little elaboration here. It merely provides the Government with authority to borrow such money as may be required to provide for expenditures which in the annual estimates of the Department of National Defence are indicated as chargeable to capital account. The amount so charged to capital account, amounting to just over \$29,000,000 this year, together with interest thereon at 3 per cent, is to be subsequently paid off or amortized over a period of ten years by an annual sinking fund, which will be provided for in the ordinary appropriations of the Department of National Defence.

I should like here to explain to the House the reason for adopting the practice which I have just outlined of charging a portion of defence cost to capital account and amortizing it over a period of years. It is a practice that I frankly admit constitutes a departure from the method of treating expenditure which we have been following since this Government came into power, but it is justified on three grounds. First, we are finding it suddenly necessary to make very large expenditures on defence in order to make up for the shortages of a period in which the Defence Services were literally "starved." In a world in which all countries are finding it urgently necessary to arm on a large scale, we find a grave shortage in all our major items of defence equipment and preparation. We have been carrying on on a "hand to mouth" basis; we must now stock up, build up our reserves for the future, in case an emergency arises. In the second place, all the items which are treated in this way are of a nature which can be legitimately "capitalized," and most of them are of a durable nature, with a fairly long period of useful life—barring a war. For instance, no one would,

I think, question that payment for expenditures on coast fortifications, airdromes, naval vessels, heavy armaments and the like might reasonably be spread over a fairly long period. The example of Great Britain should be noted. Finally, the justification for treating these expenditures differently from other so-called capital expenditures is that we are providing in the ordinary appropriations each year a sinking fund which will amortize them fully over a ten-year period. Few will deny that if we had a general sinking fund to retire our national debt, there would be justification for capitalizing a considerable amount of expenditure on public works, buildings, et cetera, which we are now including in our over-all deficit.

With this perhaps too long explanation, I now move the second reading of the Bill, seconded by the Right Hon. Mr. Graham.

Hon. W. A. GRIESBACH: Honourable gentlemen, the atmosphere in which we discuss this Bill is this: either we are on the verge of a world war, which may break out any day, or, failing the outbreak of war, it is clear that for many years to come international relations will be based upon armed strength. Apart from appropriation bills, this is the first Bill that has come to us which has to do with organization. An opportunity therefore presents itself, by way of proper amendments to this Bill, to lay a foundation for the system under which our rearmament projects may be carried forward in such a way as to, first, speed up the whole business of rearmament; second, provide for the laying down of principles which, in broad outline, are to govern; and third, gain and maintain the confidence of the people in this expenditure while retaining parliamentary control by accepted methods of constitutional government, to the end that efficiency and economy may be promoted.

Perhaps I may say here that I detect in my contacts with soldiers throughout Canada a distinct degree of apprehension, if not dissatisfaction, with regard to the progress being made in rearmament. These men cannot see that any change whatever has taken place in our land forces in the matter of armament, equipment, strength or training since the increased appropriations of the past three years. There are no armoured fighting vehicles, anti-aircraft defences or gas defences. There is no increase in machine guns, light or heavy, nor in artillery. There are no tractors for artillery, which is still horse-drawn. With horse-drawn artillery your radius of action for the day is twenty miles; with tractor-drawn artillery it is twenty miles an hour, multiplied by the number of hours in which you can

move. The difference between the two is so striking as to leave those with the horse-drawn artillery wholly at the mercy of very much smaller forces of tractor-drawn artillery. In short, our military position is no better than it has been for the past ten years. Canadian soldiers wonder what the Government are doing. I wonder myself. Meanwhile they hear of political interference and backstair methods, of a certain timidity and a distinct disinclination on the part of the Government to grapple with the outstanding problem, which is to establish in Canada an armament industry and get on with the job of putting Canada into a state of defence based upon her own industry and resources. They complain that during this period there has been no increase in the strength of our armed forces, no lengthening of the period of training and no attempt to grapple with the problems which confront our land forces in the matter of recruitment, clothing, equipment, mobilization plans and the like.

Now I propose to separate the two main portions of the Bill. In adopting this Bill it is very necessary that we should understand precisely what we are doing. The honourable leader of the Government, in his explanation, indicated on the one hand the urgency of rearmament, and on the other the need of preventing excess profits. There is the problem which confronts us and which must be met; and we must meet it by determining which objective is to have priority—whether we shall apply ourselves to preventing profits, or whether rearmament shall be the main purpose. I submit, in the light of what I said a moment ago as to either the imminence of war, on the one hand, or on the other the fact that international relations in future will be conducted on the basis of armed strength, that the question of the rearmament of Canada should be the prime preoccupation of the Government. And if, even at this late date, we can lay down a proper foundation upon which to proceed, we shall have accomplished a good day's work. I submit this Bill offers us the opportunity.

The history of Canada in the making of war is not one to be proud of, so far as administration is concerned. Going back to the Fenian Raids, we find that neglect by preceding governments resulted in confusion, waste and inefficiency, and a certain amount of crookedness. Following the history of Canada's military efforts since that time, we find much the same thing—inefficiency due to neglect, ignorance and stupidity; an inefficiency which has cost us vast sums of money. And there is always present the possi-

bility of fraud, the intervention of the crooks, who are always with us. I fancy that at this very moment, throughout Canada, these individuals are figuring with pencil and paper how they can come into the picture and walk off with a substantial profit. We have with us all the time the individual who is prepared to sell in time of war faulty equipment, worthless clothing, poor food and the like; and the avenue of approach of these individuals is always some shady politician, either in Parliament or outside. I can think of no meaner or more despicable crime than that of the individual who sells inefficient equipment for the use of the country's soldiers in time of war, and, just as I find it impossible to describe the crime, parliamentary practice prevents me from presenting the manner in which such people should be punished. But as sure as can be, unless we lay down as soon as possible a sound system for the expenditure of public money, we shall be confronted at the end of this period with the same degree of inefficiency and the same attempts at fraud and rascality with respect to the supply of military material as in the past.

Now, what I should hope to do with this Bill would be to integrate it as far as possible with the system now prevailing in this country and throughout the British Commonwealth. But first it is necessary to discuss the form of organization in force in Canada to-day.

We have in this country what is known as the general staff system. We got it from Great Britain. Great Britain got it originally from the Germans after the Franco-German war. At that time all military students were trying to find out how the German success in that war had come about. The same question was being studied by other great powers. In an examination of the German system of control of the military forces by the general staff, it was at once discovered that this system would not be applicable to Great Britain, for the reason that under our form of government Parliament has complete control of the affairs of the country. In Germany at that time, and until the end of the Great War, the general staff was responsible only to the Kaiser. The system of the German general staff had to be broken down to suit our form of government. Therefore in England there was evolved the method of placing a Minister of War in charge of military affairs, and having under him a number of secretaries, and thereby providing for entire control of the army by Parliament through a member of the Cabinet. Prior to the Great War we adopted that system. I almost hesitate to say what

happened to it during the War, but I intend to raise the question in a few days, when I may discuss it. It is sufficient to say that the general staff system was shot to pieces and virtually ceased to exist except on sufferance of one individual. But after the Great War the general staff system was re-established in Canada as it exists in Great Britain. I will read the Order in Council which provides for that form of control. There are four military officers here in Ottawa, who have divided among them all the power, authority and functions necessary to control our armed forces. These officers are: the Chief of the General Staff, the Quartermaster-General, the Adjutant General and the Master General of the Ordnance. I will not detain the House by reading the duties of these officers, but will simply say that the Chief of the General Staff is the head of the group. That is, he is merely first among equals. That is an important principle to be observed, because he has no right to override other members of the headquarters staff. Each of these officers is not only entitled, but required by practice, to stand forward and give his views with respect to his particular branch.

But I want to read the duties of the Master General of the Ordnance, because this Bill places nearly all these duties upon the chairman of this Purchasing Board which is to be appointed. As I said a moment ago, my proposal will be to integrate this measure with the system that now prevails. The duties of the Master General of the Ordnance, as set out in the Order in Council, which is Appendix VI of the King's Regulations and Orders for the Canadian Militia, are as follows:

Design, provision, and in conjunction with the Director of Contracts, inspection, and allotment of ammunition, arms of all kinds, chemical warfare appliances, guns and their mountings, optical stores, tanks and track vehicles, technical engineering, signal and survey stores, horse-drawn wheeled vehicles and (including custody) constructional engineer stores.

Scales of all the foregoing for peace and mobilization equipments and war services.

Administration of ordnance and national factories and technical committees relating to the above material; research, experimental and inspection establishments for above; liaison with the Research Council of Canada.

Fortification, constructional works and ranges, electrical and mechanical engineering, fixed communications, administration of Royal Canadian Engineers staff employed on the above.

Advice to General Staff in respect to technical instruction at schools of military engineering.

Inventions, patents and rewards.

List of changes in war materials.

Custody of National Defence Department lands.

Plans for mobilization of civil manufacturing establishments.

As I said a moment ago, the four officers whom I mentioned divide among them all the power and responsibility necessary for complete control of our military forces. The next step, following again the precedent set in Great Britain, is the establishment of what is called over there the Army Council, or what we in Canada call the Defence Council, for the purpose of advising the Minister. Our Defence Council consists of the Minister of National Defence as chairman, the Deputy Minister as vice-chairman, the Chief of the General Staff, the Quartermaster-General, the Adjutant General, the Master General of the Ordnance, the Judge Advocate-General, the head of the Navy, and the head of the Air forces. They are the responsible and competent advisers of the Minister. In the literature on the subject they are constantly referred to as such.

I draw the attention of honourable members to the fact that the Minister and Deputy Minister are mentioned as the first and second members of the Defence Council and are described as civilian members, discharging purely civilian functions. I draw particular attention to this because I feel that before we emerge from our present difficulties we shall probably find there has been, or may be, or is likely to be, interference on the part of these purely civilian members of the Defence Council with the military members. The literature on the subject discusses at great length distribution of duties between the civilian and the military members, draws the line of demarcation beyond which members in these respective classes ought not to go, and points out how they may work together for the best results by confining their activities within the spheres proper to the positions which they hold.

The Defence Council in Canada has not been by any means as active as it should have been, and I think we should insist that it become active again. It should keep proper minutes and records, and we should compel our senior officers to come forward and take a proper stand in the administration of their branches and in the offering of advice. Under perfectly normal conditions, such as existed, say, three years ago, this Defence Council would have advised the Minister, or should have advised him, in all matters pertaining to control of our defence forces. Included in those would have been the acquisition of any necessary materials, such as guns, clothing and the like, which are envisaged in this Bill. The procedure is that the Minister, after being advised by the Defence Council, presents his estimates. The Defence Council has all the machinery necessary for acquisition of

materials and equipment in times of peace. Formerly most of the acquisitions of military equipment came from Great Britain; it was necessary merely to send a cablegram and have the order put through. But to-day the situation is very different. Great Britain has no equipment to sell to us, for it is busily engaged in equipping itself. Consequently, whatever equipment we need, whether it be guns of any calibre or description, vehicles or arms of any type at all, will have to be obtained in Canada, through our own resources, from our own secondary industries.

My honourable friend the leader of the Government (Hon. Mr. Dandurand) made some comments on the armament industry and referred to attacks that have been made upon it. An armament industry exists in any country just as any other industry does, that is by selling what it produces to people who will buy. It may so happen that, in a subsequent war, material produced in, say, Great Britain, will be used against that country. That possibility has provided persons who attack the armament industry with very valuable ammunition. They ring the changes on it. They tell how the Dardanelles were defended by British guns which had been put into place by British engineers some thirty or forty years before. And every now and then we hear it said that by exporting nickel from this country now we are making it possible for Canadian soldiers to be killed in a distant country some years hence by munitions made from this very nickel. So there is a demand for an embargo on the export. But if we prevented the export of nickel and were consistent, we should have to place an embargo upon the export of wheat and practically everything else we produce. In other words, we should have virtually to put an end to international trade and commerce, in order to make sure that what we produce shall not some day be used against us.

In the eyes of some people the armament industry has long been under a cloud. The royal commission which investigated the armament industry in Great Britain found many interesting things, some of which have been referred to in this Chamber in past sessions. One thing they pointed out was that an armament industry in any country made a powerful contribution to national defence. I take my stand squarely upon this ground, that we can only rearm through our own production, our own resources and our own industry, and I state further that we shall only do that successfully and more or less economically by the creation of an armament industry.

Hon. Mr. GRIESBACH.

We have no armament industry, and the task of finding military material in Canada was beyond the experience, and I think probably beyond the competence, of the Defence Council. It was too big a job altogether for them. Consequently, I am fully in favour of the principal object of this Bill, which is the appointment of a committee or board to undertake military purchases. What it finally amounts to is the creation in Canada of an armament industry. That involves considerations of finance, Government policy and internal and external conditions, and these things are beyond the capacity of the Defence Council to deal with. So I approve of a Defence Purchasing Board as provided for in this measure.

It seems to me that what we urgently need in this country at present is that our people shall have confidence in the Government and in the whole rearmament project. If every contract that is let is to be assailable and assailed on the ground that there is some rascality in connection with it, or that it is unwise or inefficient, or that it is likely to produce a political scandal, we shall never get anywhere. We must evolve some kind of system which will work and will inspire confidence in the people in this great project of rearming. I doubt the capacity of this Chamber—well, perhaps not so much of this Chamber, but certainly I doubt the capacity of the other House to conduct an intelligent inquiry into matters of this kind. The visit of some 45 members of that House to the Bren gun factory at Toronto was a piece of political horse-play. Not one of them was capable of expressing an opinion as to the capacity of the factory. Indeed, if they had not been told that it was a gun factory it might well have been taken for a threshing machine factory or a milk separator machine factory.

Hon. Mr. DANDURAND: I draw the attention of my honourable friend to the Rules, which require that we confine ourselves to our own Chamber.

Hon. Mr. GRIESBACH: I did not quite hear my honourable friend. If I have said anything reflecting upon the other House—

Hon. Mr. DANDURAND: I am simply giving a gentle warning that we must remain within the precincts of this Chamber.

Hon. Mr. GRIESBACH: Thank you. I am glad of the warning, and I will not offend again, so long as what I did say is fully understood and taken in.

Ever since I have been a member of this House I have been pointing out two or three facts. They have been the burden of my song

I have tried to get honourable members to see that if you improvise an army in the face of a panic you will have to pay from two to three or four times the real value of the equipment you buy, and you will have two or three times the casualties which you would have had otherwise, because of the lack of trained officers, principally, and of other trained ranks as well. So I face the position that the paying of high prices for munitions cannot be avoided. The Czechoslovakian Government probably got the Bren gun from the Skoda works for about \$100. That is approximately the value of the gun as a piece of fabricated steel. The lowest estimate that I have been able to find of the cost of the Bren gun in Canada is \$525, but the Winnipeg Free Press estimates, I think, that the cost of every Bren gun will be \$1,305. I am prepared to be reconciled to that, because we are rearming and improvising in the face of a crisis. Time is the element that governs. Our job is to rearm, and that is a bigger thing than the attempt to keep profits from becoming unduly high. We must get the necessary equipment at the earliest possible date, and in order that we may be successful in this the Government must have the confidence of the people. This Bill provides one of the means which I think we ought to have.

The Bill provides that the Defence Purchasing Board shall discharge the functions of the Master General of the Ordnance and the Director of Contracts and part of the functions of the Quartermaster-General. What I am suggesting is that we should seize this opportunity to integrate this measure with the present system. I would urge that the chairman of this Board be appointed a member of the Defence Council, and that the necessary changes incidental to this end be made in the Bill. I have already given the list of members of the Defence Council, and pointed out that they are the competent and responsible advisers of the Government. I suggest to honourable members that if, say, three years ago there had been a Defence Purchasing Board, the chairman of which was a member of the Defence Council, as I am now urging he should be, then every step taken by the Minister for the purchase of munitions would have been upon the advice of this Board and we should have had no discussions such as we have had with respect to the Bren gun, shell contracts, munition box contracts, and so on. I suggest that the Defence Council is the only body in which the chairman of the Defence Purchasing Board could function properly. There he would be surrounded by competent and responsible advisers of the Government, and have access to technical

experts in all branches of military activity. The other members of the Defence Council would be kept in closest touch with him, and in that way we should avoid one of the great dangers of rearming, namely, what is known as lag in the production of equipment, on the one hand, and, on the other hand, in the obtaining of trained men to use that equipment.

I will give an example of how the system would work, assuming the amendment I propose is adopted and the chairman of the Defence Purchasing Board is made a member of the Defence Council. Under our system it is the business of one person in Canada to advise what we ought to have for military purposes. That person is the Chief of the General Staff. It is the business of the Chief of the General Staff and of nobody else to bring forward a proposal that we should acquire, say, 100 anti-aircraft guns, with the necessary auxiliary equipment. As the senior member of the Defence Council and the top soldier of Canada, it is his responsibility to say what we need. He comes to the Defence Council with that proposal. It is considered by the Council, and it is agreed to as to quantity, quality, mark, type, and the like. The Minister goes to the Cabinet with that recommendation and has it approved, and then he turns the order over to the chairman of the committee we are about to create. This committee is to consist of a chairman and three other members. I do not know whether those three will serve any useful purpose. It would please me just as well if they were not provided for.

The chairman of the Purchasing Board is also a member of the Defence Council, and he proceeds to acquire the guns. As they cannot be purchased in Canada, he has to evolve a policy to get them. He will probably have to pay three or four times what the guns are worth. But that is not the point at the moment. If the guns are urgently necessary he must induce somebody to make them, and must lay down the terms and conditions for their production. In doing that he will be advised by the responsible and competent men who sit around him and are technical experts. All these head officers have their technical staffs behind them. And so from day to day he carries out his work in that atmosphere, surrounded by these men.

But that is not the wholly important point. Sitting with him, for instance, is the Adjutant-General. It is the duty of the Adjutant-General to organize the forces and train them, and if he has to man a hundred guns, then he must get the best part of twelve hundred men

trained to handle those guns when they arrive. So he sets about the organization of the necessary troops for that purpose.

At the same time the Quartermaster-General learns of this movement. He is the officer whose duty it is to feed, clothe, house and transport these troops when they are raised.

It will be seen that each military member of the Defence Council has a job to attend to. This is what has to be done. Approximately on the day the guns are ready for delivery the Adjutant-General has to produce his twelve hundred trained men, and the Quartermaster-General has to feed and clothe them and move them to the point to which they are assigned.

Now, if these guns be on hand at the precise day when the troops are ready to take them over, and the barrack accommodation is ready, and so on, you have avoided what is called "lag." Let me say that in military enterprises lag is the most costly and disturbing factor that can be introduced.

I give this as one example of how the Board would work, and how its chairman would find himself surrounded by these technical men, so that the whole thing would move forward together with the minimum friction and expense.

I submit that if the Minister is, from week to week, advised by the Defence Council, with the chairman of the Purchasing Board sitting in, and that fact is made public and everybody knows the Minister is so advised, his position will be immensely strengthened in the public mind. At the moment nobody knows who advises the Minister. A reading of the Bren Gun Report leaves us still in doubt. In one paragraph we are told how the Interdepartmental Committee had selected a number of precision steel concerns in Canada who could make the Bren gun. The Interdepartmental Committee proposed to bring them down to Ottawa and show them the gun, with the plans and specifications, the gauges and the like, and induce all or some of those firms to make an offer to manufacture it in Canada. I think they hoped to get at least three or four of those concerns to undertake its manufacture. Had they done so, we should have made a decided step towards establishing that particular form of munition industry in Canada. But on a certain day the Deputy Minister informed the committee that the Government had decided to employ Major Hahn's concern.

Hon. Mr. DANDURAND: I think my honourable friend is in error, and because I think so I would draw his attention to the fact that it would perhaps be as well for him,

Hon. Mr. GRIESBACH.

in developing his theory, to leave aside a matter which is now under inquiry by the Public Accounts Committee of the other House.

Hon. Mr. GRIESBACH: I do not think we can consider the matter as sub judice. True, it is before the Public Accounts Committee of the other House, but that committee is not getting very far with its inquiry. I am trying to establish the fact that if such a body as I suggest had been in existence when the proposal to manufacture the Bren gun in this country was first made, we should not be now engaged in this discussion and there would be no occasion for the present work of the Public Accounts Committee. Let me complete that statement. At the bottom of page 40 of the report on the Bren Machine Gun Contract by Mr. Justice Davis, this is what Mr. Elliott stated in his evidence:

Now the committee, after hearing this,—
That is, after hearing the Government had made a decision.

—agreed that if the department is taking the responsibility that this particular firm must have the contract, and the War Office refused to do business with any other firm than this John Inglis Company, then the force and purpose of the committee expended in getting competitive bids necessarily must cease, and we must face the situation of a contract to be analysed in its particular terms, having regard to the financial aspects and the ultimate profit to the contractor.

Hon. Mr. DANDURAND: As my honourable friend sees, that is a statement of fact coming from the British Government.

Hon. Mr. GRIESBACH: No, no. I am quoting from Mr. Justice Davis's report where he cites the evidence given by Mr. Elliott. But the whole of these two pages of the report shows that the Interdepartmental Committee had a plan ready. They said the proper firms to make the Bren gun in Canada were those engaged in the manufacture of precision steel, and so they made a list of those firms, including the Steel Company of Canada, the Dominion Bridge Company, the Dominion Car and Foundry Company, the Bertram Company, the National Steel Company, and some others. The committee's proposal was to see what those firms could do. The important point is that the Government decided—there can be no denial of this—to deal with Hahn.

Hon. Mr. DANDURAND: No; my honourable friend is in error.

Hon. Mr. GRIESBACH: Then the Minister did.

Hon. Mr. DANDURAND: It is an error.

Hon. Mr. GRIESBACH: Who did?

Hon. Mr. DANDURAND: The British Government.

Right Hon. Mr. MEIGHEN: How could the British Government decide that we should deal with Hahn?

Hon. Mr. DANDURAND: I draw the attention of my honourable friend to the fact that the British Government would not consent to have competitive bids. For various reasons, which I have before me, they decided to deal with one single individual.

Hon. Mr. GRIESBACH: I cannot accept the honourable gentlemen's view, having read the report with some care. The British Government would never have heard of the John Inglis Company or of Major Hahn if it had not been for the intervention of our Government.

Hon. Mr. DANDURAND: It was at their request.

Hon. Mr. GRIESBACH: At this moment nobody in this country knows why the Government of Canada selected Major Hahn, nor upon whose advice the Government or any member of it acted. I am making my present proposal because I want to see the people of this country have confidence in this Government as long as it lasts, or in any other Government that is charged with responsibility for rearming Canada. That is essential. It is not a political question. It is absolutely necessary that we have a system which will work and in which the people of this country shall have confidence. We must have our equipment at as reasonable a price as we can get it, and of a quality suitable to our needs. It would be fatal to permit a condition of affairs to continue whereby there would be a political discussion or scandal in respect of every contract to be made. I want to avoid that. I say that if this system which I suggest had been in vogue two years ago, and the public knew that the Minister's advice to the Government on technical matters was based on the advice of these technical experts, his position would be infinitely stronger than it is to-day. That is the position in which I propose to have him placed by the amendments I shall offer to this Bill when we get into committee.

In support of my argument I desire to refer to *The Army*, a book written by Brigadier Dewing, of the British Army, and published in 1938. It is written for the purpose of bringing up to date information of what is being done in the British Army. I quote from page 19:

Some major changes within the War Office have arisen from the great expansion of work in directing, co-ordinating and speeding up the supply of material for re-equipment.

That is our position exactly.

In 1936 the new post of Director-General of Munitions Production, with a seat on the Army Council, was created to carry out those duties which had previously rested entirely on the Master General of Ordnance.

That also is exactly our position. This Bill provides for the appointment of a gentleman to be known as the chairman of this Purchasing Board. In Great Britain the officer filling a similar position is called Director-General of Munitions Production. He has been given a seat on the Army Council, which corresponds to our Defence Council, and, because he is doing the work of the Master General of Ordnance, that office was abolished. It will be seen that what I am advocating is precisely what has been done in Great Britain. Such will be one of the important amendments I shall offer as soon as I have an opportunity of seeing how it can be incorporated in the Bill.

When the time comes I shall move another amendment to bring all existing contracts let by the Department of National Defence for rearmament under the control and supervision of this chairman of the Purchasing Board. We cannot alter the terms of these contracts, but if the man to be appointed to the position is what he ought to be, he should be given such authority.

Coming now to the question of the control of profits, we are all familiar with the approach to that aspect of rearmament. There has been a sustained attack on the armament industry, and of course any man in this country who is industrious or enterprising or makes money is generally attacked. In England, when I was there, I noticed a somewhat curious mentality in this regard. They like a rich man because, in the first place, he spends money, and, in the second place, they tax the life out of him. But in this country we never let him get a start if we can help it. Consequently in another place it was popular to attack the armament industry and everybody connected with it, to restrain what was called profiteering, and then to reduce the rate of profit. My view is that you can hardly get anyone to do anything in war time unless you pay him. The only person who works for next to nothing is the soldier; everybody else has to be paid. You cannot get any industry started in Canada unless it can be carried on at a profit. I fear the clauses which have to do with the control of profit. The limitation of 5 per cent arises only in respect of non-competitive contracts, but I apprehend there will be some skulduggery, because if a man knows he is the only one who can produce some thing, he will probably arrange to have competitors bob up to justify a competitive contract, and

then he will be unrestrained. That is the simplest thing in the world to bring about. As to 5 per cent on the capital involved, goodness knows what a chartered accountant can do with a balance sheet. I think that section of the Bill will require strict examination at the hands of our committee.

When speaking of the United States, my honourable friend (Hon. Mr. Dandurand) did not mention what had been done there. As a matter of fact the United States Senate decided that 15 per cent a year was a reasonable profit on the manufacture of airplanes. I suppose we have all received from the airplane industry of Canada a brief, which presumably most honourable members have read. Now, to restrict profits to 5 per cent, without any means of knowing whether the contractors will accept the contract, is a dangerous step in view of the fact that speed in rearmament is essential. What confronts us is the urgency of rearmament, as set out by the honourable leader of the Government, and the prevention of excess profits. Those are two elements that appear to be striving with each other. In my view the question to be given priority is that of rearmament. I lay that down as an incontrovertible proposition. Rearmament must have priority. The prevention of excess profits we can look after by taxation, and the honourable gentleman has outlined how it can be done. I submit this House must meet that question fairly and squarely. In another House—if I may be permitted to refer to it—those who supported this measure were principally those who had never advocated rearmament at all, were in fact opposed to it, and whose economic philosophy is that there should be Government manufacture of everything.

I do not favour Government manufacture, because it is never efficient, and, if you built up a great Government armament industry, when war was over you would have to disband the whole business or carry an idle staff. The only safe course is the establishment of an armament industry, subject to such Government intervention as is necessary to start the industry going with shadow plants and the like, as has been done in England, and to control profits and secure efficiency. That is the Government's job. That will be our policy anyhow, notwithstanding all this hot air. I say that without any disrespect to my honourable friend opposite.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. GRIESBACH: It sounds well along the back lots to talk about soaking the rich, and the like, but it is only for political consumption.

Hon. Mr. GRIESBACH.

While on my feet I may as well discuss another matter. I am intensely interested in having some system adopted, but before it will work we must have the confidence of the people in what is being done. Every once in a while you hear in another House that the Minister has been asked a question with respect to what is being done—"What are you accomplishing?" The answer generally is, "It would not be in the public interest to disclose what is being done." Whether the Minister fears that the other nations of the world will become alarmed by a disclosure of our growing strength, or whether there is nothing to disclose at all, I am not prepared to say; but certainly the people are entitled to know what they ought to know, though anything that touches the security of the country should not be disclosed. However, I question whether the people will long continue to accept the statement of the Minister as to whether there should or should not be disclosure, and I think the situation would be very much improved if there were a parliamentary committee on National Defence, with power to call responsible persons in order to ascertain what is going on, and to give the country some hope that someone will watch over this great development. Whether that committee should be a committee of the other House exclusively, or of this House, or a joint committee, I am not prepared to say; but I think there should be a parliamentary committee to go into all these matters and to call before them technicians who could advise them on such matters. If such a committee existed the people would feel very much more satisfied as to the safe and sound expenditure of public money than they do under existing conditions. When the Bill comes before committee I shall be glad to elaborate.

To recapitulate, an opportunity presents itself for the integration of what is contained in this Bill with the existing system. Why should we try to embark on a new system when we have an existing system and the experience of the past behind us? What I propose can be done if we amend this Bill in some minor particulars so that the Minister, as he speaks before the country in Parliament, will speak with the advice of men who know what they are talking about. That will strengthen the position of the Minister. I have read some of his speeches, and I suggest that they need strengthening in that regard.

Right Hon. Mr. GRAHAM: Would there be any others?

Right Hon. ARTHUR MEIGHEN: Honourable members, certainly no very heavy duty devolves on me after the exposition of the honourable senator from Edmonton (Hon.

Mr. Griesbach). His long association with matters military qualifies him to speak with an authority that it would be hard to parallel in this House or in any other.

The measure that is before us comes at a time and in an atmosphere unprecedented in the history of this country, and under circumstances which we must keep definitely before us in dealing with the Bill. I hold to the view expressed by the honourable leader of the Government, and by the honourable senator from Edmonton, that, though we are still at peace, this is probably an occasion when the exceptionally heavy duties and responsibilities devolving upon the ordinary officials of a department are greater than should be imposed on men of their experience and technical knowledge, and that those duties demand the services of a man or men of exceptional business capacity and training. This being the case, I take no exception at all to the main principle of the Bill, but I think great good can be done and great savings can be made by the utilization of the services of a man of the type I have mentioned. And I make this central observation, because it is most in my mind: if the Government will see to it that the right man is chosen—and they can easily do this, for doubtless there are dozens who would be right, and certainly there are half a dozen who would be universally recognized as right—I am not particular about the rest of the measure so long as no part of it hampers that man and prevents him from doing his work. He will not need to be supported by a lot of regulations and limitations; but if you do not choose a man of standing and training, all the limitations, regulations and restraints the wit of Parliament can devise will never see this country served.

I am not saying this because I have any particular person in mind, but I do take the liberty of suggesting that if the Government will do as well in the selection of this individual as they did in the selection of the head of the Unemployment Commission, there will be a general sense of security and comfort throughout this Dominion. He is the type of man needed, and once you get such a man the one great necessity will be to give him liberty of action. To tie him down by these artificial restraints would be suicidal.

I do not dispute the popularity of this measure, particularly the public appeal of the section which limits profits. I well remember the great harangue about profiteering that rang out through this country during the War. Ninety-nine per cent of it was utter nonsense. But if you set out by a measure of this kind to stop profiteering, what you

are really going to do is hamstringing the country. Any business man analysing the five per cent restraint clause can convince anybody, except those who are bound to get votes, that it will do nothing but harm. It will do the Government no harm politically, but if they are serious in the matter of rearmament and view the present world situation as I do, the first thing they will do will be to strike out a clause of that kind. Why? Let me put this to you, honourable senators: The Bill passes, and we are under the necessity of letting contracts running into scores of millions, and here we have a clause which says that nobody entering into a contract may make more than five per cent out of it. Everything above that five per cent is taken from him, and he has to pay income tax, and all the other taxes, to perhaps two or three governments. Would any honourable member of this House invest money in a company that was undertaking work under this Bill? No. I ask any honourable member who would to stand up and say so. The company takes the whole risk. It pays taxes out of the five per cent. If it loses money instead of making it, what then? The public assumption that it is necessary only to start operations in order to make profits is based on ignorance. In the initial stages half the companies will lose. Yet men are invited to put in money under that restraint. No one but a child would put in a nickel under those circumstances. Is any further argument needed if we are to be at war with a great nation, say, within a week or a month? If there is no danger, we do not need this Bill. The Bill assumes that we may be at war; therefore the matter must be argued on that assumption.

In this Bill we are seriously setting about shackling the hands and feet of every Government that seeks to conduct us through a war. Under it we could not move to the right or the left; we could not move forward the length of our arm. Some may think it proper to impose such restrictions, but is it done in any other land on earth? The honourable leader of the Government spoke of some measure adopted in England. I have not read it, nor have I investigated it, but I will stake everything on the assertion that it has no resemblance to the five per cent clause in this Bill.

Hon. Mr. DANDURAND: I admit that this Bill is more stringent.

Right Hon. Mr. MEIGHEN: It is not of the same character at all. The United States, I know, have a limit of twelve, thirteen or fifteen per cent—something like that; but I

venture to say that if trouble comes a little nearer their door than it is to-day, and they find themselves on the verge of an emergency, that limitation will not last long. There are good business men in the States, but they have not had as much experience of troubles of this kind as has been gained overseas. When they did have such an experience their business administration was not of the best. They were in the Great War for a year and a half, and when it was all over they did not have very much in the way of war requirements. They had splendid soldiers, but nobody could boast of the excellence of their business administration in providing the requirements of war. They have some restraint, but with it they have far greater liberty of action than is suggested here; and there is not another free country which has anything like the limitations that are here sought to be imposed. All I say is that if you attempt to put this Bill into effect it will never work, and the Government and the country will suffer the consequences.

I submit these observations solely on one phase of the matter. I do not object to the principle of establishing a board for the purpose named, but I beg of the Government to spare no pains whatever, and to use every means in their power, to get the right man to do the job. I would remind honourable members that when munitions production became the crying need of civilization in the last war, the British Government appointed one man on this continent and put him in full charge. They never in any way restrained him, and because he was a man with years of business experience and training he succeeded, under competitive conditions, in bringing the cost of munitions down to a mere fraction of what it had been when he entered the service. That saved this country much, and saved Great Britain and the Allies vastly more. That is the way to save. There is no other way.

I make these observations because I believe the atmosphere is much heavier than the Government are willing to admit, though in reality, I think, they know the situation as well as I do, or even better.

Hon. Mr. LACASSE: I should like to put a question to my honourable friend from Edmonton (Hon. Mr. Griesbach), whose authority I recognize. Is he aware of the status of the Creusot industry in France? I should like to know whether it is government-owned or is a private undertaking.

Hon. Mr. GRIESBACH: I think the industry has been taken over by the Government because, first of all, the Government

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of Mr. Blum had reduced the working week to forty hours, and when they decided to restore the forty-eight-hour week it was practically necessary to bring the labouring people in under mobilization. But in France the Creusot armament factory has been in existence for many years. I remember being shelled in South Africa in 1900 by Creusot shells. To take over an existing industry in time of war is one thing; to set about the creation of an industry is a very different thing.

Hon. Mr. DANDURAND: The French Government have bought or expropriated that part of the Creusot industry which manufactures munitions of war.

Right Hon. Mr. MEIGHEN: I beg this Government not to follow that example.

Hon. Mr. GRIESBACH: They cannot, because there is no such industry to take over.

Hon. Mr. DANDURAND: As I do not see any of my colleagues rising to express an opinion on this Bill, and as it has been received sympathetically, I would ask that it be read a second time now. In so doing I would inform the House, after conference with my right honourable friend, that I am going to propose that it then be sent to the Committee on Banking and Commerce.

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.

DEPARTMENT OF TRANSPORT STORES BILL SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 39, an Act to amend the Department of Transport Stores Act.

He said: Honourable senators, this Bill amends the Department of Transport Stores Act, which was passed at the last session. It has been found in practice that the Stores Act did not, in one or two particulars, accomplish what was intended. It will be remembered that the Act gave authority to consolidate the stores of the separate branches, that is, the Canals Branch, the Lighthouse Branch, the Radio Branch, the Marine Branch and the Aviation Branch. It also provided that the department could anticipate the appropriations for the fiscal year to the extent of \$1,000,000. The reason for that provision is that, at the beginning of the fiscal year, it is necessary to move large quantities of supplies to lighthouses and to undertake certain works having to do with the opening of

navigation. The provision intended that expenditures up to \$1,000,000 could be made from the appropriations of the next fiscal year, but the Auditor General has interpreted the word "appropriations" as meaning money that has been voted by Parliament. That is, in spite of the intent of the Act, the Auditor General has not permitted the department to use funds in advance of those actually being voted by the House. The amount of such purchases is still limited to a maximum of \$1,000,000, but this allows us to anticipate appropriations to that extent in order to facilitate the work of the department.

The other change is in connection with the maximum amount of stores allowed to be in stock at the end of the fiscal year. The Act now provides that the amount of stores should not be in excess of the amount held by the department at the end of the preceding fiscal year, which amount is about \$850,000. On an examination of the work of the department, and in view of the extension of the Aviation Branch, it has been determined that the maximum amount of stores at the end of a fiscal year should be fixed at not more than \$1,250,000 instead of as provided under the Act as it now stands.

I think honourable members will see that the Bill is simply an administrative or departmental measure, which would grant the department a certain facility in spending money in advance of the amount voted. I suppose my right honourable friend opposite is au fait with the Bill.

Right Hon. Mr. MEIGHEN: Yes, I have read it.

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

THIRD READING

The Hon. the SPEAKER: When shall this Bill be read a third time?

Hon. Mr. DANDURAND: If there is no objection, I would move third reading now.

Right Hon. Mr. MEIGHEN: There is no reason why it should not go through. The honourable leader (Hon. Mr. Dandurand) of course realizes that the Bill empowers this Government to spend money before it is voted by Parliament. I hope he will remember that a few short years hence, when he is sitting on this side of the House.

Hon. Mr. LACASSE: A misapprehension.

Hon. Mr. DANDURAND: The powers given will not be required when supply is voted in advance, say on the 1st of March or the 1st of April.

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

FOREIGN INSURANCE COMPANIES BILL

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 53, an Act to amend the Foreign Insurance Companies Act, 1932.

He said: Honourable senators, this Bill is based on a principle which we adopted last year. The object is to extend to foreign insurance companies doing business in Canada the same investment facilities as were extended one year ago to our Canadian companies. It will be remembered that the Canadian companies a year ago were given the right to invest in equipment trust certificates of Canadian railways. I dealt with the matter fully at that time. The effect of this Bill is to extend to foreign insurance companies doing business in Canada the same right to invest with respect to their Canadian business. It also gives them a right, like that granted to Canadian insurance companies, to invest in certain new types of public-utility investments in Great Britain. The best examples I can give of the type of quasi-government or quasi-private institution are the Port of London Authority, and the London Transport Board, a new type of financial set-up which has come into being in recent years, in the securities of which, until last year, our Canadian insurance companies were not allowed to invest.

Right Hon. ARTHUR MEIGHEN: Honourable members, I am in favour of the Bill, but I do not understand the honourable leader's explanation. The Bill does add to the class of investments which are eligible for companies operating under the Foreign Insurance Companies Act, 1932, and quite properly adds to them, in my judgment. But the honourable leader said we made the same extension last year in respect of Canadian companies. I find there is before us this session Bill 54, an Act to amend the Canadian and British Insurance Companies Act, 1932, which provides that the very same class of investment as the present Bill makes eligible for foreign insurance companies shall be eligible for Canadian and British companies. If we made this class eligible for Canadian companies last year, we should not be doing it again this year.

Hon. Mr. DANDURAND: The explanatory note to Bill 54, to which my right honourable friend alludes, says this:

The effect of this amendment is to extend the second schedule of the Act, setting out the assets of British insurance companies doing business in Canada which may be included as assets in Canada for the purposes of the Act, to include equipment trust certificates of Canadian railways and the securities issued by certain public bodies or authorities in Great Britain and some of the Dominions which are

charged by Acts of the Parliaments of those countries with the administration of certain public services such as port and transport regulation, and electricity, water and gas distribution under restrictions imposed by those Acts and with a measure of responsibility to the governments or ministers thereof.

Right Hon. Mr. MEIGHEN: That is the very same class which is being added with respect to foreign insurance companies.

Hon. Mr. DANDURAND: The Minister alludes to the investment facilities which were extended last year to our Canadian companies.

Right Hon. Mr. MEIGHEN: Perhaps the Minister is wrong.

Hon. Mr. SINCLAIR: Honourable members, I think the explanation given by the honourable leader (Hon. Mr. Dandurand) is quite clear. Bill 54, the Canadian and British Insurance Companies Bill, refers to the second schedule of the Canadian and British Insurance Companies Act, which applies only to British companies. We extended the investment facilities to Canadian companies last year; so it is not necessary to make a similar extension to them this year.

Right Hon. Mr. MEIGHEN: It may be that in the Canadian and British Insurance Companies Act there is one schedule of investments eligible for British companies, and one schedule of investments eligible for Canadian companies. Is that so?

Hon. Mr. SINCLAIR: That is the way I read this Bill 54.

Right Hon. Mr. MEIGHEN: I do not want to speak definitely about it, but I thought there was one schedule. Anyway, the present Bill is all right.

Hon. Mr. DANDURAND: If second reading is given to-day, I will not move third reading until to-morrow, at which time I hope to have full information.

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

CANADIAN AND BRITISH INSURANCE COMPANIES BILL SECOND READING

Bill 54, an Act to amend The Canadian and British Insurance Companies Act, 1932.—Hon. Mr. Dandurand.

CARRIAGE BY AIR BILL SECOND READING POSTPONED

On the Order:

Second reading, Bill 61, an Act to give effect to a Convention for the unification of certain rules relating to International Carriage by Air, to make provision for applying the rules

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contained in the said Convention, subject to exceptions, adaptations and modifications, to carriage by air which is not international carriage within the meaning of the Convention, and for purposes connected therewith.—Hon. Mr. Dandurand.

Hon. Mr. DANDURAND: This Bill seems to be somewhat voluminous.

Right Hon. Mr. MEIGHEN: Would the honourable leader mind having the Order postponed until to-morrow? The honourable senator from Edmonton (Hon. Mr. Greisbach) is interested in the Bill, but I do not see him in the House at the moment.

Hon. Mr. DANDURAND: I move that this Order be discharged and placed on the Order Paper for to-morrow.

The motion was agreed to.

RAINY LAKE WATERSHED EMERGENCY CONTROL BILL

SECOND READING

Hon. Mr. DANDURAND: I suggest that Bill 72 be given second reading and then referred to the Banking and Commerce Committee, where I can answer any questions which my right honourable friend (Right Hon. Mr. Meighen) may put in relation to the subject-matter.

Right Hon. Mr. MEIGHEN: We can give the Bill second reading now and go into committee on it to-morrow?

Hon. Mr. DANDURAND: All right. I move that Bill 72, an Act to carry into effect the provisions of the Convention of the 15th September, 1938, providing for emergency regulation of the level of Rainy Lake and of the level of other boundary waters in the Rainy Lake watershed, be now read a second time.

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

Hon. Mr. DANDURAND: I am in the hands of the Senate as to whether we refer this Bill to the Banking and Commerce Committee or deal with it in Committee of the Whole.

Hon. Mr. MEIGHEN: Committee of the Whole will be the place for it.

Hon. Mr. DANDURAND: Then I move that the Bill be referred to Committee of the Whole House at the next sitting.

The motion was agreed to.

MEAT AND CANNED FOODS BILL

SECOND READING

Hon. Mr. DANDURAND moved the second reading of Bill 75, an Act to amend the Meat and Canned Foods Act (Fish and Shellfish).

He said: The purpose of this amendment is to enable the Department of Fisheries to control by regulation a fast growing business in fresh or frozen lobster meat. The meat is slightly cooked only, and not processed in the usual way, and does not come under the provisions of the Act. The fresh or frozen lobster meat is packed under conditions that are not always sanitary, and it is proposed, with the authority which this amendment would give, to control by regulation this method of packing lobster meat.

Paragraph (a) of section 2 of the present Act reads:

(a) "can" and "canned fish or shellfish" includes any hermetically sealed glass bottle, package or container, and any fish or shellfish processed or preserved in the usual way packed in such can, bottle, package or container.

It is proposed to amend this paragraph by adding the following:

also lobster meat cooked for sale, fresh or frozen and packed in a can, bottle, package or other container, but not preserved to keep, as is the case with lobster meat processed or preserved in the usual way.

The second amendment is the addition to subsection 1, section 26, of the words "in a plain and conspicuous manner." The purpose of this amendment is to require that the labelling on imported cans of fish and shellfish shall show the kind and quality of the contents, the minimum weight and the place of origin, and so on, in a plain and conspicuous manner. At present importations from foreign countries have been found with the place of origin shown on the label in an out-of-the-way part of it and in very small, inconspicuous letters. As this has not hitherto been specifically mentioned in the section of the Act dealing with importations, the proposed amendment is necessary.

I would suggest that the Bill be given second reading now and referred to Committee of the Whole in order that we may deal with one or two small amendments which our Law Clerk has suggested.

Right Hon. Mr. MEIGHEN: I have had no request from anyone to be heard on this Bill. If the leader of the House or the chairman of the committee has had none, there is no reason why the Bill should not go to Committee of the Whole. I am in thorough accord with the Law Clerk's suggestion, though, that the words in brackets should be

struck out of the title. He makes that one suggestion only.

Hon. Mr. DANDURAND: We might do that now.

Right Hon. Mr. MEIGHEN: Yes.

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

CONSIDERED IN COMMITTEE

On motion of Hon. Mr. Dandurand, the Senate went into Committee on the Bill.

Hon. Mr. Murdock in the Chair.

Sections 1 and 2 were agreed to.

On the title:

Hon. Mr. ROBINSON: I move that the words "(Fish and Shellfish)" in the title be stricken out. The title will then read: "An Act to amend the Meat and Canned Foods Act."

The amendment was agreed to.

Hon. Mr. DUFF: What is the reason for the change, Mr. Chairman?

Right Hon. Mr. MEIGHEN: Perhaps I may explain that. If this Bill after enactment were to remain for evermore on our Statute Book, there would be no objection to the title, but as soon as our Statutes are revised this amendment becomes a part of the original Act, and the force of the Bill is spent.

Hon. Mr. DANDURAND: The amendments are incorporated in the Act.

Right Hon. Mr. MEIGHEN: In the original Act. Therefore the title of this Bill should be akin to that of the Act.

The title, as amended, was agreed to.

The Bill, as amended, was reported.

The Hon. the SPEAKER: When shall this Bill, with the amended title, be read a third time?

Right Hon. Mr. MEIGHEN: I suggest—I hope I shall not be misunderstood—that in the records of the House there should appear a motion to adopt the amendment reported by the Committee. I do this because it is very important to keep the record straight in case later on there is a dispute.

Hon. Mr. DANDURAND: Yes. In fact, I thought His Honour the Speaker had put a motion to that effect.

The amendment was concurred in.

THIRD READING

Hon. Mr. DANDURAND moved that the Bill, as amended, be read the third time.

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

SEALS BILL

SECOND READING POSTPONED

On the Order for the second reading of Bill 76, an Act to make provision for the Sealing of Royal Instruments:

Right Hon. Mr. MEIGHEN: Honourable members, before the leader of the House rises, I should like to suggest that this Order be discharged and be taken up to-morrow. I read the Bill carefully yesterday, and I have to admit that it is pretty much Greek to me. I think that only an official from the Department of the Secretary of State, or the Law Clerk, would know its full significance. I have been advised that it is more significant than I had thought, and I should like time to look into the matter further before dealing with the second reading.

Hon. Mr. DANDURAND: Would my right honourable friend be in a position to discuss it to-morrow?

Right Hon. Mr. MEIGHEN: Oh, yes.

Hon. Mr. DANDURAND: Then I move that this Order be discharged and be placed on the Orders of the Day for to-morrow.

The motion was agreed to.

CANADIAN NATIONAL, ONTARIO AND
QUEBEC, CANADIAN PACIFIC, AND
TORONTO TERMINALS RAILWAY
COMPANIES BILL

SECOND READING POSTPONED

On the Order for the second reading of Bill 80, an Act respecting the Canadian National Railway Company, the Ontario and Quebec Railway Company, the Canadian Pacific Railway Company and the Toronto Terminals Railway Company:

Hon. Mr. DANDURAND: Honourable senators, we had a short discussion of this Bill on first reading yesterday. I am not in a position to give my right honourable friend the information he desired; so I would move that this Order be discharged, and be placed on the Orders of the Day for to-morrow.

The motion was agreed to.

GRAIN FUTURES BILL

SECOND READING POSTPONED

Hon. DUNCAN MARSHALL moved the second reading of Bill 81, an Act to provide for the supervision and regulation of Trading in Grain Futures.

He said: Honourable members, I think this is a very excellent time to shorten any remarks that I have to make. As a matter of

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fact, this Bill involves the principle of whether or not the Grain Exchange and the selling of futures on that Exchange should be regulated.

Right Hon. Mr. MEIGHEN: I wonder if the honourable gentleman would mind carrying this over until to-morrow? It is quite an important Bill.

Hon. Mr. MARSHALL: I have no objection whatever. I would move that this Order be discharged, and be placed on the Order Paper for to-morrow.

The motion was agreed to.

FARMERS' CREDITORS ARRANGEMENT BILL

MOTION FOR SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 86, an Act to amend The Farmers' Creditors Arrangement Act, 1934.

He said: Honourable senators, last year we had a very long discussion over an amendment that we passed to The Farmers' Creditors Arrangement Act. We left out of the operation of our amendment the provinces of Alberta and Saskatchewan, but we decided in the case of Manitoba to put an end to the activities under the Act by June 30, 1939. Now a strong request has come from the Government of Manitoba and from other institutions in that province, for the reinstatement of Manitoba on the same basis as the provinces of Saskatchewan and Alberta.

The opinion was expressed last year, I think, that the Act had been introduced mainly to help the Western provinces, and that it had been a doubtful gift to the middle and Eastern provinces. Opinion was not unanimous on this point, but there seemed to be unanimity, at all events, as to the reason why the Act was put on the Statute Book in 1932, namely the distressing conditions in the West.

The amendment which is submitted in this Bill reads as follows:

Subsection three of section eleven of The Farmers' Creditors Arrangement Act, 1934, as enacted by section nine of chapter forty-seven of the statutes of 1938, is repealed and the following substituted therefor:

"(3) No proposal shall be received in the province of British Columbia later than the thirtieth day of June, 1939, nor in any other province except the provinces of Manitoba, Saskatchewan and Alberta later than the thirty-first day of December, 1938: Provided that this subsection shall not apply to farmers who are soldier settlers within the meaning of the Soldier Settlement Act."

The Act which is amended ran:

No proposal shall be received in either of the provinces of Manitoba and British Columbia later than the thirtieth day of June, 1939.

Manitoba is reincorporated in the Act; British Columbia still remains out.

The following statement has been placed in my hands:

It will be recalled that at the last session a number of amendments to the Farmers' Creditors Arrangement Act were passed by the House of Commons and referred to the Senate for consideration.

One of these amendments provided that no new proposal might be filed by any farmer or accepted by any Official Receiver in any province on or after a date to be fixed by proclamation of the Governor in Council.

The Senate did not agree with the House of Commons on this amendment and the Bill was returned by the Senate with a further amendment which provided that no new proposal should be received in any province, except Saskatchewan and Alberta, later than the 31st of December, 1938.

The House of Commons did not accept this amendment.

In accordance with the procedure provided for such cases, managers were appointed by the Senate to meet with managers appointed by the House of Commons in a free conference, and a compromise agreement was reached which provided that no new proposal should be received in the provinces of Ontario, Quebec, New Brunswick, Nova Scotia and Prince Edward Island later than the 31st of December, 1938, nor in the provinces of Manitoba and British Columbia later than the 30th of June, 1939, but that the restriction should not apply to farmers who are soldier settlers within the meaning of the Soldier Settlement Act. No termination date was provided in the cases of Alberta and Saskatchewan.

During the year dissatisfaction has been expressed in Manitoba that the Act was to be terminated in that province, and representations have been received from the United Farmers of Manitoba, the Manitoba Co-operative Conference, the Canadian Chamber of Agriculture, and, notably, from the Provincial Legislature.

In view of conditions prevailing as a result of last year's crop, the Legislature of the province, it is understood, requested by unanimous resolution that the Farmers' Creditors Arrangement Act should be continued in Manitoba on the same basis as it is being continued in Saskatchewan and Alberta. The object of this Bill is to comply with that request and to place Manitoba in the same position as Saskatchewan and Alberta.

This Bill will have no effect, by inference or otherwise, on the operations of the Act in any province outside of Manitoba. In its application it is limited to Manitoba.

Hon. Mr. BEAUBIEN: Will the honourable gentleman consent to sending the Bill to a committee? The right honourable leader on this side (Right Hon. Mr. Meighen), who is out of the House at the moment, would like to have the Bill sent to committee, or else to have second reading postponed until to-morrow.

Hon. Mr. HAIG: Postpone it until to-morrow.

Hon. Mr. DANDURAND: Then I move that the debate stand adjourned until to-morrow. I do not know why we should go into committee on a Bill which is so simple as this one, though of course there may be a good reason for doing so.

The debate was adjourned.

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

THE SENATE

Thursday, April 20, 1939.

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

Prayers and routine proceedings.

PRIVATE BILL REPORT OF COMMITTEE

Hon. Mr. TANNER presented the report of the Standing Committee on Miscellaneous Private Bills on Bill T, an Act to incorporate The Association of Canadian Clubs.

He said: Considerable changes have been made in the Bill, principally by way of eliminating the objects and powers of the association. There are also some clerical corrections. The honourable senator who introduced the Bill may desire to have the report considered to-day. Personally I have no objection, but I had intended to move that it be taken into consideration to-morrow.

Hon. Mr. HUGESSEN: I should be glad if, with the leave of the House, the report could be considered now.

Right Hon. Mr. MEIGHEN: I suggest that instead of giving us an explanation of the amendments item by item, which we cannot follow satisfactorily, the sponsor of the measure tell us whether the changes made by the committee were approved by the association.

Hon. Mr. HUGESSEN: Yes. A number of clauses to which objection was taken have been eliminated. I do not think there is any objection to the measure in its present form.

Right Hon. Mr. MEIGHEN: Would the honourable senator state what was eliminated?

Hon. Mr. HUGESSEN: The object clauses relating to the League of Nations and various other matters of that kind. The Bill has been shortened considerably. As I said, I do not think there is any objection to the Bill in its present form. With the concurrence of the Senate, I move adoption of the report of the committee.

The motion was agreed to.

THIRD READING

The Hon. the SPEAKER: When shall this Bill be read a third time?

Hon. Mr. HUGESSEN: With the leave of the House, I move that the Bill be read a third time now.

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

PEST CONTROL PRODUCTS BILL REPORT OF COMMITTEE

Hon. Mr. DONNELLY presented the report of the Standing Committee on Agriculture and Forestry on Bill 40, an Act to amend the Agricultural Pests Control Act and change the Title thereof.

He said: The committee has considered this Bill and made several amendments. I should perhaps give a brief explanation. The form of the Bill as it reached us from the House of Commons did not meet with the approval of the Law Clerk of the Senate. In fact, he was rather disposed to think the Bill should be redrafted. A conference was arranged between him and representatives of the Department of Agriculture, and as a result these amendments were agreed upon. I am happy to say that in its present form the Bill is satisfactory to the gentlemen who represented the Department of Agriculture before our committee, and also to the Law Clerk. I move, therefore, that the amendments be concurred in.

The motion was agreed to.

The Hon. the SPEAKER: When shall this Bill as amended be read a third time?

Hon. Mr. DANDURAND: Now.

Right Hon. Mr. MEIGHEN: I have no objection if there is good reason to proceed now. But it might be more in accord with precedent and fairer to honourable members to postpone the motion for third reading until

Right Hon. Mr. MEIGHEN.

to-morrow, so that in the meantime honourable members may be in a position to read the amendments.

Hon. Mr. DANDURAND: To-morrow, then.

PRIVATE BILL FIRST READING

Hon. C. W. ROBINSON introduced Bill H2, an Act respecting the New Brunswick Railway Company.

He said: The purpose of the Bill is to enable the company to issue bonds, debentures, or other securities to the extent of \$750,000, secured on lands and property owned by the company. Although the word "railway" appears in the title of the company, its interest is confined wholly to real estate. There is some question of jurisdiction. At the last sitting of the Legislature of New Brunswick a similar bill was enacted. This Bill is presented as a concurrent measure because originally the operations of the company were declared to be a work for the general advantage of Canada. I do not think there can be any possible objection to the Bill.

I would suggest that after it has been given second reading it be referred to the Committee on Banking and Commerce. As I have said, the company is not concerned with railway matters at all.

The Bill was read the first time.

SECOND READING

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

Hon. Mr. ROBINSON: If there is no objection, I would move, seconded by Hon. Mr. Sinclair, that the Bill be now read the second time.

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

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

SUSPENSION OF RULE

Hon. Mr. ROBINSON moved that rule 119 be suspended in so far as it relates to this Bill.

He said: The session is fairly advanced, and as there is to be a meeting of the Banking and Commerce Committee to-morrow, I should like the persons who are supporting the Bill to have the privilege of then appearing before the committee.

Hon. Mr. DANDURAND: I assume that representatives of the province of New Brunswick who are here take no exception to the Committee on Banking and Commerce examining the Bill to-morrow.

Hon. Mr. ROBINSON: I may say that the Provincial Legislature passed a similar bill at its recent session, without objection from anyone. I know those representatives are here, but I also know they will not object to the Bill.

The motion was agreed to.

SUBMARINE IN HALIFAX HARBOUR DISCUSSION

On the Orders of the Day:

Hon. W. A. GRIESBACH: Honourable senators, before the Orders of the Day are called I should like to raise a question of national interest. I have already spoken to my honourable friend the leader of the Government on the matter, but I fancy he has no more information on it than any of the rest of us.

A dispatch in this morning's papers describes the appearance of a mysterious submarine in the harbour at Halifax. The witnesses are Captain William Latter, who commands the Halifax pilot boat, and Pilot Patrick Sullivan, who was on the same boat. These two gentlemen agree in saying that they were within thirty yards of the submarine and that they observed it for half an hour.

Now, unless these two men are utterly unreliable, I submit that a very definite piece of information is before the country at this moment. The hour was twelve midnight, and it was dark. If this was a submarine, it was making a stealthy approach. It was not a Canadian submarine, because there are none; it was not a British submarine, because, if it had been, it would have reported long ago; and a further dispatch says it was not an American submarine. I submit, therefore, it had no right to be there, and was making a stealthy survey of the outer reaches of the harbour.

As I say, the leader of the Government probably has no more information on this subject that I have, but I should like to express the opinion that the evidence here is sufficient to justify a partial manning of the guns and lights which bear on the harbour at Halifax, and that in case a stealthy approach of this kind is made at night, particularly by a submarine as distinguished from a surface craft, the vessel should be fired upon at sight. We should put a stop to this sort of stealthy and secret reconnaissance of our defences.

Hon. Mr. DANDURAND: My honourable friend is quite right in inferring that I have no information to justify me in giving an answer at this moment. I shall try to obtain some information for to-morrow, if any has reached the department.

Hon. WILLIAM DUFF: Honourable senators, I wonder if I may add a rather complimentary word about newspapers published in the city of Halifax and in the province of Nova Scotia, for the way in which they have handled the matter referred to by the honourable senator from Edmonton (Hon. Mr. Griesbach). No doubt honourable members read very carefully this morning, as I did, a certain dispatch from Halifax. I have read several other dispatches also, and have received some letters from Nova Scotia, about the supposed presence of this so-called submarine in waters either within or without the three-mile limit along the coast of Nova Scotia. While I am willing to pay a compliment to the Halifax newspapers and the Canadian Press for sending these dispatches forth to the people all over Canada and throughout the world, I come from Missouri and I am rather inclined to think it is a fish story.

Hon. Mr. LACASSE: A sea serpent.

Hon. Mr. DUFF: It may be a sea serpent, or something else. My own opinion is that there was no submarine. So far as I can understand, our people have been alarmed by being made to think that there was a submarine which came from some European country. It seems to me rather strange, if Captain Latter and Pilot Sullivan saw this submarine within thirty yards of their pilot boat, around twelve o'clock at night, that they did not put into Herring Cove and notify the Admiralty authorities at once. Instead of that, Captain Latter waited and did not make his report till he got into Halifax next morning. I think the whole thing is ridiculous and without a word of truth. But I believe that if there was a submarine, the British Government and the Canadian Government know very well where it came from. If Captain Latter was within thirty yards of that submarine, why the hell didn't he ram her?

Hon. Mr. GRIESBACH: That is the spirit.

Hon. Mr. DUFF: He said the submarine was awash, that her lights were showing and that he was within thirty yards of her. His boat had a speed of ten knots, yet he allowed the submarine to escape. If he had rammed and sunk her there would have been one Italian or German submarine less when the war starts this year or next, and he would have been a hero. I think the whole thing is nonsense.

NATIONAL FILM BILL

MOTION FOR THIRD READING

Hon. Mr. DANDURAND moved the third reading of Bill 35, an Act to create a National Film Board.

Right Hon. Mr. MEIGHEN: Honourable members, I move adjournment of the debate. I should like this to stand over until tomorrow, but I will not ask for postponement beyond then.

On motion of Right Hon. Mr. Meighen, the debate was adjourned.

FOREIGN INSURANCE COMPANIES BILL

THIRD READING

Bill 53, an Act to amend the Foreign Insurance Companies Act, 1932.—Hon. Mr. Dandurand.

CANADIAN AND BRITISH INSURANCE COMPANIES BILL

THIRD READING

Hon. RAOUL DANDURAND moved the third reading of Bill 54, an Act to amend The Canadian and British Insurance Companies Act, 1932.

He said: Honourable members, yesterday my right honourable friend (Right Hon. Mr. Meighen) asked me why we were again amending the Canadian and British Insurance Companies Act, it having been amended last session. At the moment I could not state the reason. I surmised that last year we probably amended the first part of the Act concerning Canadian insurance companies and neglected to deal with the second part, which concerns British insurance companies. I find I was correct in my surmise. The purpose of this Bill is simply to complete the work begun last year, extending to these companies the privilege already granted to the Canadian companies.

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

CARRIAGE BY AIR BILL

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 61, an Act to give effect to a Convention for the unification of certain rules relating to International Carriage by Air, to make provision for applying the rules contained in the said Convention, subject to exceptions, adaptations and modifications, to carriage by air which is not international carriage within the meaning of the Convention, and for purposes connected therewith.

Hon. Mr. DUFF.

He said: The purpose of the Bill is to give effect to the Warsaw Convention, signed at Warsaw the 12th October, 1929, for the unification of certain rules relating to international carriage by air, and to give power to the Governor in Council to apply the rules of the convention to internal carriage by air in Canada.

The Warsaw Convention consists of provisions concerning the carriage of passengers, goods and baggage, the liability of carriers and limitation of liability, known as the Warsaw Rules, which are designed to govern contracts of carriage in relation to international carriage by air, and which form the first schedule to the Bill.

The second schedule to the Bill contains provisions relating to the liability of a carrier in the event of the death of a passenger, which follow generally the provisions of the Fatal Accidents Acts.

The Warsaw Convention applies to all international carriage of persons, baggage, or goods, performed by aircraft for hire. It applies equally to gratuitous carriage by aircraft performed by an air transport undertaking, but not to carriage performed under the terms of an international postal convention.

Paragraph 2 of article 1 defines "international carriage" as

any carriage in which, according to the contract made by the parties, the place of departure and the place of destination, whether or not there be a break in the carriage or a transshipment, are situated either within the territories of two high contracting parties, or within the territory of a single high contracting party, if there is an agreed stopping place within a territory subject to the sovereignty, suzerainty, mandate or authority of another power, even though that power is not a party to this convention. A carriage without such an agreed stopping place between territories subject to the sovereignty, suzerainty, mandate or authority of the same high contracting party is not deemed to be international for the purpose of this convention.

Chapter II contains provisions relative to documents of carriage and determines the scope and use of passenger tickets (article 3), baggage tickets (article 4), and bills of lading (articles 5 to 16).

Chapter III determines the liability of the carrier. He is liable for damage sustained in the death or injury of a passenger on board aircraft or during embarking or disembarking (article 17); for damage sustained to any registered baggage or goods during the carriage by air (article 18); and for damage caused by delay (article 19). He is not liable if he proves that he and his agents have taken all necessary and possible measures to avoid the damage; and in the carriage of goods and baggage (but not of passengers), he is not liable if he proves that the damage was caused

by negligent pilotage or negligence in the handling of the aircraft or in navigation (article 20). If the carrier proves that the damage was caused by or contributed to by the negligence of the injured person, the Court may exonerate the carrier wholly or partly from his liability (article 21).

By article 22 the liability of the carrier is limited to 125,000 French gold francs per passenger, a gold franc having a value in Canadian currency of about 6·7 cents, depending on the rate of exchange. Nevertheless, by special contract, the carrier and the passenger may agree to a higher limit of liability. By article 22 the carrier's liability for registered baggage and goods is limited to 250 francs per kilogram, and for baggage of which the passenger himself takes charge, the maximum is 5,000 francs per passenger.

The carrier's liability is not excluded or limited if the damage is caused by his wilful misconduct, or by what is considered by the Court to be the equivalent; and this provision extends to any agent of the carrier acting within the scope of his employment (article 25).

Provisions are made under articles 28, 29 and 30 for settling claims for damages.

Chapter IV contains provisions relating to combined carriage, performed partly by air and partly by any other mode of carriage, and in this case article 31 applies the provisions of the convention only to the carriage by air.

Chapter V contains general and final provisions. Article 32 reserves the right to insert arbitration clauses in contracts of carriage. Articles 36, 37, 38, 39, 40 and 41 contain provisions regarding ratification, accession and denunciation of the convention, and other related provisions.

The Warsaw Convention is in force in the United Kingdom of Great Britain and Northern Ireland, Eire, France, Germany and practically all European countries where international air transport services are carried on, and in the United States of America and Mexico.

It may be noted that the President of the United States has availed himself of the provisions of the Additional Protocol to the said convention by declaring at the time of accession that the first paragraph of article 2 of the convention, relative to carriage performed by the State or by legally constituted public bodies, shall not apply to international transportation that may be performed by the United States of America or any territory or possession under its jurisdiction.

Right Hon. ARTHUR MEIGHEN: Honourable senators, this Bill is much like those measures which came before this House about the end of the last Parliament in the form

of legislation ratifying conventions approved at Labour Conferences. There can, of course, be no question as to the powers of the Dominion Parliament in reference to a convention of this kind, which happily deals with a subject already declared wholly within Dominion jurisdiction, namely, aviation. One wonders, though, what would be the consequence if it dealt with other things, as conventions inevitably will do. We are now under the necessity of dealing with international matters through the medium of nine provinces—one of the most grotesque situations arising out of the most inexplicable judgment ever handed out by the Privy Council. That necessity does not arise here, as by a very excellent judgment of some five years ago the subject of aviation was placed irrevocably and indisputably within the range of Dominion jurisdiction.

It is only from the material supplied by the honourable leader of the House that I know the terms of the Warsaw Convention, now being made applicable to Canada. I apprehend there are very important limitations to the liabilities which those who travel by air, or who ship goods by air, have always understood were available to them. The limitations are drastic. Personally, I think they are necessary. No doubt the nations represented at Warsaw considered the subject very thoroughly. I am impressed by the fact that many countries have already ratified the convention, and particularly the United States, which has also adhered to the Additional Protocol. Therefore it seems to me proper for the Parliament of Canada to approve the convention.

Hon. W. A. GRIESBACH: On reading the Bill I was impressed with the importance of giving the fullest publicity to the fact that the coming into force of the convention will make a great difference to Canadians who travel by air. It will come as a distinct shock to many to find that if, for example, they embark on an airplane bound from Toronto to Chicago, or to any other place beyond the international boundary, they are subject to laws very different from those which apply to air transport between Canadian points.

Hon. JAMES MURDOCK: I wonder if any honourable senators have noticed that the high contracting parties to the convention of October 12, 1929, as set out in the first schedule, include, among others, the Federal President of the Republic of Austria, His Majesty the King of Spain, and the President of the Czechoslovak Republic. I do not know whether we should take cognizance of the fact that those titles no longer exist.

Hon. Mr. GRIESBACH: But they existed at the time the convention was entered into.

Hon. Mr. MURDOCK: I understand that. But under the changed conditions will those who are now in authority in those three countries adhere to this convention?

Hon. Mr. DANDURAND: I would draw my honourable friend's attention to the fact that the German Reich has approved of the convention. If the annexation of Austria and Czechoslovakia is recognized by the signatories of the convention, I would say that Germany's signature covers those countries, which perhaps, up to this date, have not sanctioned this convention.

Hon. Mr. MURDOCK: What about Franco? What about Spain?

Hon. Mr. DANDURAND: Spain may have had a change of government, but it is still Spain.

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

THIRD READING

Hon. Mr. DANDURAND: If there is no special reason for sending this Bill to Committee of the Whole, I move the third reading now.

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

RAINY LAKE WATERSHED EMERGENCY CONTROL BILL

On the Order:

The House in Committee of the Whole on Bill 72, an Act to carry into effect the provisions of the Convention of the 15th September, 1938, providing for emergency regulation of the level of Rainy Lake and of the level of other boundary waters in the Rainy Lake watershed.

Hon. RAOUL DANDURAND: Honourable senators, the convention which this Bill is intended to ratify carries out a unanimous recommendation of the International Joint Commission. This recommendation followed an extensive investigation by the commission, together with hearings at which the provinces of Ontario and Manitoba were represented. On the point dealt with by the convention the recommendation of the commission accepts in substance the contentions submitted to the commission by all the interested governments, including that of Ontario. The convention can therefore be regarded as carrying out the policy approved of by the accredited representatives of that province.

The convention and the proposed legislation proceed upon the assumption that the subject-matter is primarily and directly Dominion,

Hon. Mr. MURDOCK.

as distinct from provincial. The convention and the Bill deal with the control and regulation of boundary water matters clearly beyond the legislative authority of a province.

Though the subject-matter of the convention is clearly within the competence of the federal authorities, it was recognized that there was an important, indirect interest of the Ontario Government, and a much less important, indirect interest of the Manitoba Government in this matter. Accordingly, at the end of May, 1938, three and one-half months before signature of the convention, but after the draft had been tentatively approved by the Canadian and United States Governments, copies of the draft were communicated to the appropriate authorities in Ontario and Manitoba. It was then pointed out that, while the convention carried out recommendations of the commission and a policy which had been approved by all of the Canadian interests represented at the conference, it dealt with matters of direct interest to Ontario and of indirect interest to Manitoba, and that it was accordingly being transmitted to those Governments for their information. No communication has been received from either of the provincial governments, and there is no indication of any departure from the position that has been maintained by them throughout.

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

Hon. Mr. MURDOCK: The Bill was read a second time yesterday, and we should now be in Committee of the Whole.

Hon. Mr. DANDURAND: Then I move the Bill into Committee of the Whole.

The Hon. the SPEAKER: Is it the pleasure of the House to adopt the motion?

Right Hon. Mr. MEIGHEN: If there is a motion to go into Committee of the Whole, then, of course, I may speak; but I do not think there is. I think we automatically go into Committee of the Whole without a motion. But I understood his Honour the Speaker to mention a motion.

The Hon. the SPEAKER: Is it the pleasure of the House to adopt the motion?

Right Hon. Mr. MEIGHEN: Yesterday I mentioned a question that was in my mind respecting this Bill. Apparently it was not apprehended by the honourable leader of the Government, for the information he has given to the House does not deal with it at all. The information given is to the effect that this is a boundary water; that there come periods of emergency, due to low water or

high water, when the level must be controlled; that the International Joint Commission recommended that a convention be entered into between the two countries for the control of this boundary water by a board; that the Government of Canada got into touch with Ontario, which is interested in a major way, and with Manitoba, interested in a minor way, and that terms were agreed to by those provinces. I do not question all that, but what bothers me is this. The International Joint Commission, which is established by statutes of the two nations, has jurisdiction in respect of boundary waters. It has more than that, I know. It has to do with boundaries beyond the water boundaries. But that it has jurisdiction over boundary water is incontestable. This being so, why do the terms of control not come under the powers of the International Joint Commission?

Then there is a Lake of the Woods Control Board. I cannot recall just how close the Lake of the Woods is to Rainy Lake, but it is part of the same system. The honourable senator from Winnipeg South-Centre (Hon. Mr. Haig) has the geography in mind more definitely than I have. The Lake of the Woods Control Board exists, as I apprehend, under the general authority of the International Joint Commission. A Canadian board controls levels as long as they are within two extremes, a certain high as a maximum and a certain low as a minimum. When the water gets above the maximum or below the minimum, if my recollection is right, an international board is in control.

What ought to be explained, it seems to me, is this. Why is the Lake of the Woods Control Board not the proper authority to deal with this matter, and why could it not be done under the general authority of the Joint Commission rather than by this lengthy process of entering into another convention with the United States?

Hon. Mr. DANDURAND: I confess that, having so many Bills before me, I forgot that the question now repeated had been put by my right honourable friend. I have not had time to turn around and obtain information which has been requested on certain Bills, and that is why one of them has been postponed until to-morrow. Perhaps I can find the answer in the debate which took place in the other House.

Hon. Mr. MURDOCK: Is the answer not to be found in the explanatory notes right opposite the Bill? Here is what is stated:

The International Joint Commission conducted an inquiry and made a report to the Governments on the first day of March, 1934, including the following recommendation.

And here is the recommendation:

The commission, however, submits that it would be wise and in the public interest that the commission be clothed with power to determine when unusual or extraordinary conditions exist throughout the watershed, whether by reason of high or low water, and that it be empowered to adopt such measures of control as to it may seem proper with respect to existing dams at Kettle Falls and International Falls, as well as any future dams or works, in the event of the commission determining that such unusual or extraordinary conditions exist.

That seems to me to be the answer as to the necessity of this Bill.

Right Hon. Mr. MEIGHEN: If the honourable gentleman will follow me, he will understand my difficulty. I know that the Government of Canada, with the Governments of Ontario and Manitoba, considered the desire expressed in a resolution of the International Joint Commission that the commission be given a certain measure of control, allowed to appoint a board, and so forth, with respect to emergent conditions that might arise in Rainy Lake. I know that is the origin of the convention signed in September of last year. But I cannot get at the reason why the International Joint Commission has not sufficient authority now. It has general authority in respect of boundary water, and Rainy Lake is a boundary water. Why must there be a new convention in order that authority may be exercised in respect of Rainy Lake? No doubt there is an answer.

Hon. Mr. DANDURAND: There is an answer.

Right Hon. Mr. MEIGHEN: But I cannot think what it is.

Hon. Mr. DANDURAND: I would suggest that we go into Committee of the Whole, so that our discussion may be regular.

CONSIDERED IN COMMITTEE

On motion of Hon. Mr. Dandurand, the Senate went into Committee on the Bill.

Hon. Mr. Duff in the Chair.

Hon. Mr. DANDURAND: Now my right honourable friend may proceed.

Right Hon. Mr. MEIGHEN: I can only repeat that the Lake of the Woods Control Board has all the authority. I do not understand why this Bill is necessary.

Hon. Mr. HAIG: It has authority in Canada only.

Right Hon. Mr. MEIGHEN: It may be only in Canada. I know there is an international board, which supersedes the Canadian board when the water rises above a certain maximum and also when it falls below

a certain minimum, because at those points American interests become involved. I cannot understand what need there is for this Bill, why the powers that are proposed to be given here are not in the original powers, or, if they are in the original powers, why the Lake of the Woods Control Board does not do the work.

Hon. Mr. MURDOCK: Is it not because—
The CHAIRMAN: Order.

On section 2—interpretation:

Hon. Mr. MURDOCK: Is it not because the original convention gave the board authority to maintain proper and existing water levels, whereas this Bill, at least as I read it, contemplates the raising of the water levels in that territory for the benefit of industrial undertakings in the state of Minnesota? I may be entirely wrong, but that is my understanding.

Hon. Mr. DANDURAND: I should have brought to my right honourable friend an answer to his inquiry with respect to the Lake of the Woods Control Board. I have no data about this board, and no memory as to its existence, but I may find something about it in the statement made in another place by the Prime Minister, who presented the Bill. He said:

The reason for the extensive powers provided for in this Bill is that the convention gives to the International Joint Commission a type of function that is essentially different from those performed under the Boundary Waters Treaty. The commission is to devise and carry out emergency control measures. While in point of form it is to deal with low-water emergencies, practically speaking, in the great majority of instances its work will be concerned with flood conditions. The problem of coping with flood conditions in international waters requires extensive powers which would need to go to the extent of the actual operation of an international dam in the case of emergency. It is not anticipated that the commission will itself operate the dams, but it must have the legal power and authority to do so to ensure that the companies operating the dams will obey its directions. In most instances there is a serious conflict between the owner of the dam and the ordinary inhabitants. The commission may inevitably be compelled to give orders contrary to the interests of the owners of dams, and it is for this reason that the extensive powers are conferred upon it.

The general scheme of the Bill is to extend the powers and procedure under the Boundary Waters Treaty to enable the commission to perform the functions imposed upon it by the convention, and to provide for the aid of the Exchequer Court, if the necessity arises, to ensure obedience by private interests to the orders of the commission. Expenditures would be made by the private interests and controlled in the same manner as expenditures are controlled under the operations of the International Joint Commission.

Right Hon. Mr. MEIGHEN.

The International Joint Commission has control of the entire situation. The commission is in the nature of an arbitration tribunal, and it would direct by whom the expenses should be met. Undoubtedly it would in some cases give directions as to precautions to prevent flooding and would determine in such cases how those particular measures were to be enforced. The text of the convention as a whole appears as a schedule.

That does not give the answer which my right honourable friend is seeking as to the co-existence of the Lake of the Woods Control Board. I would move—

Hon. Mr. HAIG: Before my honourable friend makes his motion, I would suggest that probably section 7 of the Bill covers the point. When the commission pushes the waters back they may flood private property in Canada as well as in the United States, and I think the object is to give the commission control of the private property in Canada that it needs.

Right Hon. Mr. MEIGHEN: I apparently have not succeeded in making clear what bothers me. Under the Waterways Treaty Act the commission has authority in respect of boundary waters. Now, what authority can an international commission have in respect of boundary waters except an authority to control them? What else can such a commission do? There is no use in looking at the waters. The commission cannot divert them; I mean it cannot change the boundary. In the original Act, power surely was given to control boundary waters.

Hon. Mr. HAIG: I do not think that is what is wanted here.

Right Hon. Mr. MEIGHEN: What has the commission been doing all these years in respect of boundary waters?

Hon. Mr. DANDURAND: But it may be that it is necessary to do some work exclusively in Canadian waters flowing from boundary waters.

Right Hon. Mr. MEIGHEN: If it is with respect to Canadian waters which are not boundary waters, we have no jurisdiction. We can act only in a boundary waters area, as, for instance, in the St. Lawrence river. What bothers me is the question of what the commission has been doing all these years in respect of boundary waters, under the Act which gives it authority over them, since it now requests a new convention between the United States and Canada in order to control boundary water levels. That point has not been explained by the Prime Minister. I do not suggest that the Bill is entirely unnecessary, for I cannot conceive that the law officers in Canada and the United States

would approve a treaty unless it were necessary; but, either now or after the Bill is passed, if I am not causing too much inconvenience to the Government, I should like to be clearer on the point I have raised.

The CHAIRMAN: Shall the section carry?

Hon. Mr. DANDURAND: No. I move that the committee rise, report progress and ask leave to sit again.

The motion was agreed to.

Progress was reported.

SEALS BILL SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 76, an Act to make provision for the Sealing of Royal Instruments.

He said: Honorable senators, I am not very familiar with the effect of this Bill. I will bring to this Chamber the light which I find in the explanatory notes.

The present Bill is intended to deal with two separate problems. The first is temporary and is a result of the prospective visit of His Majesty the King. It is necessary to make provision for the performance of the royal functions in relation to the government of Canada during the period of the King's absence from the United Kingdom and presence in Canada. For the most part, these royal functions can be performed notwithstanding the King's absence from the United Kingdom and presence in this country. There are, however, exceptional functions, particularly those which require the use of the Great Seal of the Realm and the Signets. During His Majesty's presence in Canada, under existing laws and practice, it would not be possible to issue royal instruments under the Great Seal or the Signet. The present Bill makes provision for passing such instruments under the Great Seal of Canada.

The second problem is to make permanent provision for Canadian royal seals for use in Canadian matters. At present there are certain transactions which require instruments under the Great Seal or Signets.

The following royal instruments, relating to Canadian matters, are passed under the Great Seal:

- Full powers (authorizing the signature of treaties and conventions);
- Instruments of ratification (or treaties and conventions);
- Letters patent constituting the office of Governor General.

The following royal instruments relating to Canadian matters are issued under the Sign Manual and Signet:

- Warrants authorizing the issuing of instruments under the Great Seal;
- Commission appointing the Governor General;
- Instructions to the Governor General;
- Exequaturs;
- Appointment of Lieutenant-Governor of Canada or of an Administrator;
- Formal granting of leave of absence to the Governor General;

Appointment of certain officers of the public service of Canada.

(The International Boundary Commissioner, members of the International Joint Commission. Generally, when provision is made in a treaty or convention in the "Heads of States" form, for appointment, and, if the appointment is made by an instrument, the instrument will be under the Sign Manual and Signet. Appointments of Ministers Plenipotentiary, if a commission is issued, are made under the Sign Manual and Signet.)

Both the Great Seal and the Signets are in the custody of certain of His Majesty's Ministers in the United Kingdom, and the procedure governing their use is largely based upon statutes of the United Kingdom. There is conventional recognition of the obligation of such Ministers, in Canadian matters, to use the seals, which are in their custody, in accordance with the request of the responsible Canadian Ministers. This conventional recognition finds its expression in the modern practice with regard to countersignature. In drafting royal instruments, in Canadian matters, it is made clear, either by recitals or by provision for countersignature, that the responsibility for the instrument is imposed upon a Canadian Minister. The present Bill is designed to enable Canadian transactions, involving the use of Royal Seals, to be subjected, in form as well as in substance, to the direct control of responsible Canadian Ministers.

Right Hon. ARTHUR MEIGHEN: Honourable members, I read these explanatory notes yesterday morning, but I am still somewhat befogged about a certain feature. The explanatory notes state why it is necessary to take certain action because of the royal visit, but I do not think the Bill makes any reference specially to the period of the royal visit, though I may be wrong about that. Certainly the recital contains no statement that the Bill is required because of the imminence of the royal visit. I know the responsibility of the officials who have to do with a matter of this kind, and I would ask the honourable leader if he can give the House assurance that the measure has the approval of the Under-Secretary of State, Mr. Coleman.

Hon. Mr. DANDURAND: I thought I had a letter here from the Department of External Affairs, but I do not see it. In the circumstances I am unable to state whether the measure came from Dr. Skelton or Dr. Coleman.

Right Hon. Mr. MEIGHEN: The Secretary of State is the custodian of the Royal Seal.

Hon. Mr. DANDURAND: The Bill was presented in the other House by the Minister of Justice, but, as there was no question on the point which my right honourable friend has raised here, there was no occasion for any statement about it by the Minister. The Minister said, with respect to section 3:

As the explanatory note indicates, this is the operating provision of the Act. The necessity

for this section arises more particularly from the prospective visit of His Majesty the King. During His Majesty's presence in Canada, it would not be possible, under existing laws and practice, to issue royal instruments in relation to Canadian matters under the Great Seal or the Signet of the United Kingdom. His Majesty may be called upon to issue such instruments during the period of his visit in Canada—that is, for Canadian matters—and section 8 makes provision for the passing of such instruments under the Great Seal of Canada.

It may be that section 3 is drafted in general terms so as to be applicable to any occasion, not only the one now impending, when His Majesty the King is in Canada. There may be further royal visits, and I take it that this proposed legislation would be effective on every such occasion.

Right Hon. ARTHUR MEIGHEN: Honourable members, I have just read a discussion which took place in the other House a few days ago. I had heard about it, but had no chance to read it earlier. The discussion occurred, unfortunately, after the Bill was passed there.

Hon. Mr. DANDURAND: After the Bill was passed?

Right Hon. Mr. MEIGHEN: Apparently. On the Orders of the Day the former Secretary of State, who was not present when the Bill was hurried through, made some observations upon it, with special reference to the Regency Act of 1937, Chapter 16 of the Statutes of the United Kingdom for that year. He emphasized the fact that, because of failure to recite and comply with a certain provision of the Statute of Westminster, the Regency Act did not affect Canada. I quote his words in order to be certain I am not misinterpreting them:

The Regency Act, 1937, as enacted at Westminster, does not recite that Canada has requested and consented to its enactment as provided in section 4 of the Statute of Westminster, which enacts that—

"4. No Act of Parliament of the United Kingdom, passed after the commencement of this Act, shall extend, or be deemed to extend to a Dominion as part of the law of that Dominion, unless it is expressly declared in that Act that the Dominion has requested, and consented to the enactment thereof."

It is therefore possible that the Regency Act, 1937, may not automatically extend to Canada as a part of the law of this Dominion.

Then he put certain questions to the Minister of Justice. I am going to read those questions and address them to the Government as my own, because they were not answered in the other House, the Minister of Justice taking the ground that the Bill, having been passed by the Commons, had to come

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before this Chamber and the questions could be dealt with here. These are the four questions:

1. Will a regent, appointed under the Regency Act, ipso facto, assume the performance of all royal functions relating to Canada, hitherto performed by His Majesty in person?

2. If not, why was not the necessary request made and consent given by Canada so that by its terms the Regency Act would apply to Canada?

3. Is it assumed by the Government that, by the terms of the British North America Act, or otherwise, Canada now has the legislative authority to provide for the appointment of a regent in case the necessity should arise?

4. What is now Canada's constitutional position in relation to the appointment of councillors of state under the terms of the Regency Act?

I have to confess freely that I am not very clear as to the relativity of these questions to the Bill—

Hon. Mr. DANDURAND: I was wondering myself.

Right Hon. Mr. MEIGHEN: —but they seem to have bothered the former Secretary of State, who would know far more about this matter of seals than I do. The Great Seal of Canada is in the custody of the Secretary of State, and can be affixed only under conditions set out by statute. Personally, I was never aware there were any other seals. There may be others appropriate to the ratifying of diplomatic executive acts, and so forth.

If the Government do not see fit to answer the questions I have just cited, I should like to know: (1) Why is it that this Bill is necessitated by the royal visit? There is nothing in the explanatory notes to make that clear. (2) If it is applicable only to the period of the royal visit, why does the Bill make no reference thereto?

Hon. Mr. DANDURAND: Because, I surmise, it is a general Act which would not apply solely to a visit of His Majesty the King, but could be applied whenever he might be in Canada.

Right Hon. Mr. MEIGHEN: Perhaps that is so.

Hon. Mr. DANDURAND: After the Bill has been given second reading I shall ask that it be put down for third reading tomorrow, although, like my right honourable friend, I do not see the relativity of the questions put by the former Secretary of State to the particulars of this Bill.

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

The Hon. the SPEAKER: When shall this Bill be read a third time?

Hon. Mr. DANDURAND: Third reading to-morrow.

CANADIAN NATIONAL, ONTARIO AND QUEBEC, CANADIAN PACIFIC, AND TORONTO TERMINALS RAILWAY COMPANIES BILL

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 80, an Act respecting the Canadian National Railway Company, the Ontario and Quebec Railway Company, the Canadian Pacific Railway Company and the Toronto Terminals Railway Company.

He said: When this Bill was given first reading my right honourable friend asked me what was the occasion for the Federal Parliament intervening in the subject-matter. He will understand that it is an Act respecting the Canadian National Railway, the Ontario and Quebec Railway Company—

Right Hon. Mr. MEIGHEN: I am entirely clear on that subject now. These being Dominion-constituted companies and the work being described as for the general advantage of Canada, I have no doubt at all that Parliament has legislative jurisdiction in respect of the properties, and therefore has power to pass this Bill.

Hon. Mr. DANDURAND: Then there is no occasion for me to read the communications which I have before me from the respective presidents of the Canadian National and the Canadian Pacific companies explaining the whole situation.

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

THIRD READING

Hon. Mr. DANDURAND: With the leave of the House, I move that this Bill be read a third time now.

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

GRAIN FUTURES BILL

SECOND READING

Hon. DUNCAN MARSHALL moved the second reading of Bill 81, an Act to provide for the supervision and regulation of Trading in Grain Futures.

He said: Honourable senators, let me call attention first to the fact mentioned by my right honourable friend the leader across the

way (Right Hon. Mr. Meighen), who questioned to some extent whether this Bill might be constitutional. I wish to say at once that I am not going to get into any legal argument with him or with any other lawyer. As a matter of fact, I have secured a little free advice on the point from some of my legal friends. I may say that I got three kinds of advice; which proves the old adage that there are three sides to every question: your side, my side, and the right side. After listening to their advice I was not very clear as to what the situation was. "Who shall decide when doctors disagree?" Certainly not a farmer. I remember being in court in Edmonton on one occasion when a layman quoted Waghorn's Guide as an authority on some legal matter, and Mr. Sifton asked him if Waghorn was his lawhorn. I think any citation I might make would be about as good as that.

In my perplexity I asked the law officer of the Crown to give me a memorandum on the constitutional validity of this Bill, and I will read it for the information of honourable members. It is as follows:

This question was fully canvassed when the Bill was prepared, and it was considered that trading in grain on the Winnipeg Grain Exchange (by means of which virtually the whole of the Canadian wheat crop is marketed) could certainly not be regarded as a matter of merely local or provincial (Manitoba) concern, but that it was, by reason of the magnitude of the trading and the interprovincial and international character thereof, substantially a matter of national concern. Upon this view, the legislation would be upheld as being in relation to the peace, order and good government of Canada or as being a good regulation of trade and commerce.

I shall not argue whether that is good law, but, as was stated by the Minister in charge of the Bill in another House, the law officer of the Crown approved of the measure as being constitutional, and it was passed by the House of Commons.

I am not very well acquainted with the question of trading in futures, but it has agitated the people in Western Canada for quite a period of years. In fact it became so acute at one stage that a commission of inquiry, presided over by Sir Josiah Stamp, was appointed by the former Prime Minister of this country. I happened to be west when the commission was holding its sittings, and I had the privilege of listening to many of the discussions and to some of the evidence. Sir Josiah Stamp reported that trading in futures on the Winnipeg Grain Exchange should be permitted.

He said he got about the best description of trading in futures from my old friend the

late George Langley. Sir Josiah asked him to state just what effect trading in futures had on the people. George said, "It is something like drink; it kind of grows on one." Sir Josiah, not to be outdone in humour, replied, "Yes, Mr. Langley, but drink always goes down, does it not?" George immediately retorted, "Aye, but it sometimes comes oop again." Sir Josiah Stamp said he thought that was about the best description he had gained of the trading in wheat futures in Canada.

I think those who at that time were agitating for the abolition of trading in futures have now come to the conclusion that the practice should not be abolished altogether, but should be regulated, and that the grain trade would be very difficult to handle if such trading were not permitted.

From my knowledge of the feeling then prevailing in Western Canada, and from hearing some of the evidence and the discussions by opposing lawyers—it was a pretty warm court at times—I am quite sure that if the chairman of the commission had been a man of less ability than Sir Josiah Stamp, he would have had very great difficulty in getting Western Canada to accept his judgment in the matter. But he handled it in an exceedingly able and reasonable fashion, and from time to time discussed with both lawyers and witnesses the whole subject, so that when he gave his decision the people of Western Canada were ready to accept it as quite a reasonable one.

Since that time agitation has grown for the regulation of the Winnipeg Grain Exchange, with the result that this Bill was introduced into the House of Commons. The Minister in charge of the Bill there stated that the Winnipeg Grain Exchange had discussed with him the draft Bill and had little or no objection to it; that as a matter of fact most of the parties interested, if not all, were agreed that it was a reasonable and fair measure.

The honourable member from Winnipeg South-Centre (Hon. Mr. Haig), on the motion for first reading, asked what authority the Government had for going further in this Bill than Mr. Justice Turgeon recommended in his report. Mr. Euler maintains that the Government have not, but if they had gone a little further in some instances they certainly would have the right and authority to do so, because, after all, the Government are not bound by the letter of any commissioner's report; they may give legislative effect to some or all of the commissioner's recommendations, or even go beyond them.

I have not had time to peruse Mr. Justice Turgeon's report very carefully, but the

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Minister assured me that this Bill is based very largely, in fact almost entirely, upon that report. It represents to some extent a compromise between two opposing forces in Western Canada, one calling for the abolition of trading in futures on the Exchange, and the other maintaining that it should be continued.

If trading in futures were abolished, I suppose there would be no other course open to the Government than to buy and market all the wheat. In my opinion neither the people nor the Government are prepared for such action at the present time. We have had a good many wheat difficulties in the past, and we do not want to be confronted by any additional ones.

From my perusal of the discussion in the other House and a careful study of the Bill, I think it is a reasonable measure and will probably bring about redress under any extraordinary circumstances that may occur, by the exercise of the powers provided.

I do not know whether this Bill should be referred to the Banking and Commerce Committee or to Committee of the Whole House. My own opinion is it would be preferable to have it examined by the Banking and Commerce Committee. I am quite willing to take the advice of the House upon that matter, but the Banking and Commerce Committee would have a chance to deal with it clause by clause in a more thorough way than would be possible in Committee of the Whole House.

Right Hon. ARTHUR MEIGHEN: Honourable senators, I welcome the suggestion that the Bill go to the Committee on Banking and Commerce. I rise only to refer to the opinion read by the honourable member from Peel (Hon. Mr. Marshall) on the constitutional question raised yesterday. It would, I think, be a mistake to make this House a forum for legal arguments on constitutional matters, and I have no desire to encourage that practice, but I want to register my dissent from the Justice Department's rather cavalier opinion on this subject.

It is true a reading of the British North America Act shows that trade and commerce is a subject generally within the purview of the Dominion Parliament. That is what the memorandum mainly relies on. I think the interpretation intended by the British North America Act was that when Parliament enacts legislation dealing generally with any subject of trade and commerce and makes its application Canadian-wide, Parliament should be within its rights. Decisions of the Privy Council have pretty seriously impugned that interpretation. Here, however, we are not

dealing generally with a subject of trade and commerce. Parliament is placing its finger upon certain operations in the city of Winnipeg, and we say to John Brown, who is thinking of selling to David Smith an option on wheat, perhaps only 100 bushels, deliverable at a certain time: "You cannot make that contract unless somebody we appoint tells you that he consents." That is what is done by this Bill. The memorandum seems to contemplate that if the deal is big enough, or if there is a sufficient number of transactions, then our jurisdiction supersedes the provincial. Well, where is the line drawn? When is a deal big enough to be taken out of the range of civil and private rights within the province? Remember, the transaction is solely there. The buyer is there, the seller is there—or their respective representatives.

Hon. RAOUL DANDURAND: I should like to put a question to my right honourable friend (Right Hon. Mr. Meighen). When he lived in the Western Provinces he imbibed their spirit and acquired a knowledge of the trade in the principal product of the West—wheat. Has he given any thought to the fact that the Western crop, which may be 300,000,000 or 500,000,000 bushels, coming from Alberta, Saskatchewan and Manitoba, the greater portion of it moving towards Lake Superior, can be so much impeded in operations on the Grain Exchange in Winnipeg that the welfare of those provinces may be affected in the return they receive for their crops?

Right Hon. Mr. MEIGHEN: I do not think the question of impeding the flow of grain comes in. I know that under the Grain Act, over a period of some decades, we have assumed jurisdiction. I think it is a jurisdiction which the British North America Act intended to give us, but I would not wager too much even on the Grain Act in face of judgments which would be considered binding. If that Act went before the Privy Council, I am not so sure it would stand.

Hon. Mr. DANDURAND: It regulates.

Right Hon. Mr. MEIGHEN: It regulates the movement and grading of grain. But that is far more a matter of general supervision of trade and commerce than this is, and therefore at least intended under the British North America Act to be under federal jurisdiction. What is sought to be supervised here is a long series of individual transactions at a certain spot in Winnipeg, and nowhere else. A and B sit across a table or stand in a pit in Winnipeg, and B sells to A so much wheat, deliverable a month from now; and this Parliament says that what A and B

do is of national importance, and that we can intervene and legislate. I do not pretend to be a final authority, or a better authority than anyone else in this House, but I am going to go on record as anticipating that the opinion read this afternoon will not stand the judgment of the Privy Council.

Hon. A. K. HUGESSEN: I do not pretend to be any more of an expert on constitutional law than my right honourable friend, but I should like to point out that the opinion of the Justice Department does not rest solely on trade and commerce.

Right Hon. Mr. MEIGHEN: That is correct.

Hon. Mr. HUGESSEN: It is justified also as being a matter in relation to the peace, order and good government of Canada. From a very cursory inspection of the legislation itself it seems to me the really important governing words, the pith and substance of the Bill, are to be found in the beginning of section 8, which uses this language:

Whenever the Board is of opinion that transactions in grain futures are causing or threatening to cause sudden or undue fluctuations in the price of any kind of grain, the Board may—

—give such and such order. It is conceivable that that would fall within the peace, order and good government of Canada in much the same way as the operations carried on under the Combines Investigation Act, which has been held by the Privy Council to be within the power of the Parliament of Canada respecting combinations in restraint of trade.

There are probably as many opinions on this question as there are lawyers in Canada, but I venture to suggest that there may be something in the contention that this Bill is justified as coming within the purview of Dominion legislation in the same way as the Combines Investigation Act.

Right Hon. Mr. MEIGHEN: I should have mentioned the fact that the opinion of the Department of Justice does rest on the clause regarding peace, order and good government. That is the clause which has been impaired more than any other. The contrast between its present effect, after the Privy Council's decisions, and the effect one reading it would think it should have, is perhaps the greatest of all the results of references to the Privy Council.

Hon. Mr. HUGESSEN: Hear, hear.

Right Hon. Mr. MEIGHEN: It has been almost whittled away.

I cannot argue now, and will not attempt to argue, on the comparison of the situation in this case and the situation under the Combines Investigation Act. I ventured to

question the constitutionality of this Bill yesterday. I have had no opportunity whatever of getting the view of Parliamentary Counsel, but when the Bill goes before the Committee on Banking and Commerce we shall be able to get his view, and for myself I would attach very considerable importance to it.

Hon. JOHN HAIG: Honourable senators, in my judgment there is a feeling in Western Canada that the producers, the handlers and the consumers would like to have the control of grain in all its branches under the Parliament of Canada.

Right Hon. Mr. MEIGHEN: Surely. It ought to be.

Hon. Mr. HAIG: There has been a very strong feeling on both sides of this argument for the last thirty years. It was about thirty years ago, I think, that the first delegation came to Ottawa. Throughout it has been most strenuously maintained that the right of the Parliament of Canada to deal with grain should not be taken away. The farmers may be divided in their views on this Bill, but they would not like to see the right of the Parliament of Canada interfered with at all in regard to grain questions.

I am not sure that the honourable leader of the Government understands what these transactions are that are referred to. They are not actual dealings in grain at all, but a hedging or betting, which is held to be legal. There have been many lawsuits over such transactions during the years. Recently it was decided that they are not gambling transactions; but they have nothing to do with grain except as they affect the price. I am a farmer and produce five thousand bushels of grain. I take it to the local elevator and say I want it shipped to Fort William. It is graded No. 2. I am able to sell that through the dealers in the Grain Exchange.

Hon. Mr. DANDURAND: I know that transaction.

Hon. Mr. HAIG: Another one is this. I can go into an office and say I want to buy five thousand bushels of grain. I have sold my five thousand bushels of actual grain. I am hard up, but I think the price will increase. So I say I want to buy five thousand bushels of grain for October delivery, which means I can demand five thousand bushels at the price in October. I am told the price of October grain is now sixty-four cents, and I am asked for two cents or five cents a bushel as a deposit. I pay over so much money, and the grain is delivered in October, and I am charged a certain percent-

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age for what has been done. Someone who thought the grain might be worth only sixty-two cents a bushel has agreed to sell that grain to me. Those are the transactions referred to here. I am persuaded that they are legal transactions. But I think I voice the opinion of everybody in Western Canada, purchaser, handler or consumer, that we do not want anything that will make possible an attack on the whole Grain Act.

Hon. Mr. MacARTHUR: Is that not exactly the same as buying stocks long or short, which is legal?

Hon. Mr. HAIG: I do not question the legality. The courts have recently held that the transaction is legal, but I am afraid that it is a local transaction, coming within property and civil rights. It may be a private transaction within the confines of the city of Winnipeg.

I am very glad the honourable gentleman who is in charge of the Bill is having it sent to the Committee on Banking and Commerce, because, after reading the bill very carefully, I am of the opinion that there are clauses in it that go too far and that place upon the Government a responsibility which they should not assume. I can specify those clauses in the committee.

There is another question. How is this supervisor to be appointed? I am firmly of the opinion that the whole business should be absolutely under the control of the Board of Grain Commissioners. True, the Government have to pay the cost in any case, but I am afraid that if a supervisor is appointed by the Government direct he will build up another organization in connection with his office, whereas the whole subject should be within the purview of only the one organization. That is something which I think the committee can arrange, and I hope it will see that the responsibility is not placed upon the Government, because the handling of grain should be absolutely removed from governmental responsibility, even if it is only that entailed by the appointment of this man. It is true that the Government appoint the Board of Grain Commissioners, but it is appointed for ten years, and it appoints the inspectors. I may say the staffs in this service have been above reproach. I would suggest that the clauses that go too far should be eliminated, especially the one referring to the appointment of the supervisor. I am of the opinion that he should be appointed by the Board of Grain Commissioners. If the Government want control, let us have a man appointed

by the Government on the recommendation of that board. Whatever happens, we should not allow an outside organization to grow up.

Hon. Mr. McRAE: In speaking of options the honourable gentleman referred to Winnipeg. I want to ask him if he can tell the House, first, if it is not a fact that our Winnipeg market is largely used for hedging operations, and, second, to what extent that hedging is done by the Chicago grain men.

Hon. Mr. HAIG: I prefer that my honourable friend should ask that question in committee. I happen to know that the experts and other officers of the Grain Exchange are here. Let me say as a farmer-producer that there is a difference of opinion, but the general feeling is that the Grain Exchange draws a great deal of business from all over the world. It is one of the most extensive exchanges in the world for hedging purposes.

Hon. Mr. McRAE: There is in that connection another point to which I should like to call attention. When we originally guaranteed a price of eighty-seven and a half cents on wheat, one of the Chicago grain men told me it gave them the greatest romp they ever had, because they had a guaranteed price at Winnipeg and an open price everywhere else in the world. It was more or less common knowledge that members of the Chicago Exchange made millions out of it. I am of the opinion that if we are going to guarantee the price of wheat we should keep our hands pretty well on this option market; otherwise there will be an opportunity for grain men abroad to use the guarantee of this country as a safeguard for their operations. I should like to have that fact brought out when we are in the committee, because, off-hand, I am of the opinion we should take even further control than this Bill proposes.

Hon. DUNCAN MARSHALL: Honourable senators, I wish to make only a few remarks upon this matter. As was said by the honourable senator from Winnipeg-South Centre (Hon. Mr. Haig), most people in Western Canada are agreed that dealing in grain futures should not be abolished. When we were growing a good deal of wheat in the province of Alberta it was a common habit with men who produced 20,000 or 25,000 bushels to have it hauled right from the thresher to the elevator and to sell it, because they did not want to pay storage. If a farmer thought the price was low, and would rise, he would not store his wheat and pay so much a month for the storage, but instead he would sell for cash and buy futures, with a view to making the difference between the

price he got and the future price. If there was a drop, he suffered only the same loss that he would have had if he had held his grain, less what he might have paid to the elevator. There has been a good deal of that kind of buying and selling especially by the large grain growers in the West.

Grain dealers tell us, of course, that they could not continue on the market day after day, buying grain that could not be delivered for some days, or perhaps a longer period, unless they had the privilege of hedging by making sales, so that if there was a sharp drop in price they would not lose as much as if they had waited until they got delivery of the grain before they sold it.

The honourable senator from Vancouver (Hon. Mr. McRae) stated that when there is a fixed price for grain, outside grain speculators take advantage of it. I think that is quite true, though I cannot speak about the matter definitely, for I am not as conversant with the grain trade as perhaps I ought to be. This Bill is brought in to remedy that situation, to provide for the appointment of an officer who will have power to prevent buying and selling of futures or to limit such transactions. In short, he will be able to step in and protect the market.

As was stated by the honourable senator from Winnipeg South-Centre (Hon. Mr. Haig), the Banking and Commerce Committee will have the advantage of hearing representatives of the grain trade and of grain producers. All these matters can very well be dealt with in the committee.

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

FARMERS' CREDITORS ARRANGEMENT BILL

MOTION FOR SECOND READING

The Senate resumed from yesterday the adjourned debate on the motion for the second reading of Bill 86, an Act to amend The Farmers' Creditors Arrangement Act, 1934.

Hon. RAOUL DANDURAND: My right honourable friend opposite (Right Hon. Mr. Meighen) happened to be out of the Chamber yesterday afternoon when I moved second reading of this Bill, and I was given to understand that he would like to express his view as to the Farmers' Creditors Arrangement Act being continued in Manitoba as it is in Saskatchewan and Alberta. As I explained yesterday, there was a difference of opinion between the two Chambers last session with respect to the bill that came before us then, and after a conference of managers there was an agreement upon the measure in the form

in which it was passed. This Bill seeks to repeal section 9 of last year's statute. That section reads:

No proposal shall be received in either of the provinces of Manitoba and British Columbia later than the thirtieth day of June, 1939, nor in any other province except the provinces of Saskatchewan and Alberta later than the thirty-first day of December, 1938: Provided that this subsection shall not apply to farmers who are soldier settlers within the meaning of the Soldier Settlement Act.

In all provinces except Manitoba, British Columbia, Saskatchewan and Alberta the Act ceased to have effect as of the 31st of December last. As to Manitoba and British Columbia, it was provided that the Act should remain in force until the 30th of June this year. No change is sought in that respect so far as British Columbia is concerned, but this Bill seeks to provide that Manitoba, like Saskatchewan and Alberta, shall continue indefinitely to receive the benefits that accrue under the Act. And I presume benefits do accrue, since petitions have come from the Legislature of Manitoba and other organizations in favour of maintenance of the statute in that province.

As my right honourable friend said last year, the Act was passed mainly to deal with a special situation which had developed in the West, and it probably never should have been extended to the other parts of Canada. So this Bill seeks to bring us back to the ideal situation as visualized by my right honourable friend, in which the Act will be applicable to only the three Prairie Provinces.

Right Hon. ARTHUR MEIGHEN: Last session a Bill which came to us from the Commons respecting the Farmers' Creditors Arrangement Act was amended here so as to repeal the Act. I am unable to state at the moment whether we provided that it should continue in any of the provinces. At any rate, the Bill as it left this Chamber was taken exception to in the Commons.

Hon. Mr. DANDURAND: The Commons took exception to our amendments.

Right Hon. Mr. MEIGHEN: Yes. We went further than the other House did. Finally a compromise was arrived at whereby the Act should continue in force until June 30, 1939, in Manitoba and British Columbia, and indefinitely in Saskatchewan and Alberta. The Bill was passed on the basis of that compromise. In such circumstances it is not very encouraging to have another bill come over from the Commons this session to change what was agreed upon by compromise.

Hon. Mr. DANDURAND.

Although I sponsored this Farmers' Creditors Arrangement Act, I have frankly admitted in the House on more than one occasion that I think the legislation was wrong in toto.

Hon. Mr. DANDURAND: Even for the Western Provinces?

Right Hon. Mr. MEIGHEN: Even for the West. In the three Prairie Provinces there was more excuse for the operation of this Act than in any other part of the country, because out there misfortune, with consequent inability to discharge debt, was more prevalent. But now that we have had some years of experience with the Act, I am of opinion that we could have got through by mere negotiation of new agreements between debtor and creditor, as we had done for years and years, and in that way we should have preserved a morale on the part of the debtor and a willingness to trust on the part of the creditor which unfortunately the operation of this Act has destroyed. I would support abolition of the Act everywhere right now, as I would have done a year ago. I do not see what good can possibly be done by continuing it in Manitoba. Every application that is received up to the 30th of June can be dealt with, in any event.

I am informed, and I will read from a letter the paragraph which informs me, that large numbers of letters were sent out, virtually inviting farmers to seek—

Hon. Mr. DANDURAND: Before my right honourable friend reads that, I would state the sole justification for this Bill. I should have done this earlier. It is expressed in just a few lines in a memorandum which I have here:

During the year dissatisfaction has been expressed in Manitoba that the Act was to be terminated in that province, and representations have been received from the United Farmers of Manitoba, the Manitoba Co-operative Conference, the Canadian Chamber of Agriculture, and notably, from the Provincial Legislature.

That is the reason why the Government have brought this Bill before Parliament. We are seeking to comply with the request of the Provincial Legislature and the other institutions that I have just named.

Right Hon. Mr. MEIGHEN: I do not doubt that there would be sporadic appeals for the continuation of this Act from any province. If we had on the Statute Book for a long time a law that no man need pay his debts at all, and we later decided to repeal it, we should no doubt have many appeals for its continuation; and we should be surprised at some of the persons who

would send them in. They would do so because their action would gain them popularity with less fortunate people.

I will read one paragraph from the letter to which I have referred. I would ask the House not to demand identity of the writer. He is a lawyer in Manitoba with an extensive practice, particularly in the lending business. He said:

As soon as the Provincial Government had learned of the repeal of the Act it sent out more than 12,000 notices advising those who might wish to apply for debt arrangement to do so before June 1, 1939.

It should be June 30, I presume.

Hon. Mr. DANDURAND: The provincial authorities?

Right Hon. Mr. MEIGHEN: Yes. He goes on:

I have been informed by a company which has more outstanding mortgages and agreements in this province than any other single company—

I know what company is referred to there. I think it has as many as any three or four other companies.

—that it has only received two new proposals since the first of the year.

Those, of course, can be dealt with. Imagine that result after the sending out of 12,000 letters!

I believe if inquiry was made of the F.C.A.A. office in Ottawa its records will show a large decrease in applications filed in this province. In other words, there has been ample opportunity for filing proposals, and those who wanted to do so have availed themselves of the privilege.

I know there is some pet scheme out there—this is my own language—for establishing a land court. Apparently the purpose of this court would be to determine, not what a man is legally bound to pay, but what he ought to pay in the opinion of the judge, having regard to his position, prospects, character of land, and so forth. I do not know of any more direct road than that to the disintegration of society. It is a straight road to industrial anarchy.

Hon. Mr. COPP: Hear, hear.

Right Hon. Mr. MEIGHEN: As I formerly tried to explain, farming business is not at all the same as commercial business, which requires bankruptcy machinery. You cannot tell what a farmer's prospects are. They may change within a week or a day. A man who is bankrupt to-day may be in fair circumstances before long; and a man who is very well off may meet with sudden misfortune and become unable to pay his debts, so that under the principles of bankruptcy he would be declared a bankrupt. This situation has been

taken care of down through the years by practical common sense, demanded by the necessities of the occasion, on the part of creditor and debtor alike. For all the applications which have been dealt with under this Act, I venture to say there have been multiplied numbers dealt with privately between debtors and creditors themselves. Personally, I have had at least twenty, and not one ever came in under the Act.

What is the use of saying to a man, "You owe so much money," when you know he cannot pay it? If he is the right man to keep on the land, or as good as can be got, you make the best deal possible, and he goes on, with his self-respect saved. But now, if he has not a great deal of self-respect, if he is a rather cute fellow, he will say to you: "You just do this, or I will go before the Farmers' Creditors Arrangement board, or this new land court, and have them decide whether I shall pay my debts or not, or how much of them I shall pay." The whole idea, principle and moral of this Act is wrong. You cannot hold civilization together with laws like this; they will not permit the machine of civilization to work. I say: Get rid of the Farmers' Creditors Arrangement Act throughout Canada. Leave debt arrangements to negotiation between debtor and creditor, and both will be the better.

What about the good farmer in Manitoba? What about the industrious, honest fellow? When he applies for a loan, can he get one?

Hon. Mr. HAIG: No.

Right Hon. Mr. MEIGHEN: No, he cannot get a dollar. This Parliament has virtually shut and barred the door to the lender in that province. This Parliament says to him, in effect, "Don't lend any money there, because we provide machinery whereby borrowers will not have to pay." Western Canada is to-day struggling under the shadow of lack of credit, a shadow which, I am almost ashamed to say, and I regret to say, has been cast upon it by this Parliament. We are the persons responsible for bringing about a state of affairs wherein the old standard of trust between debtor and creditor is gone. And so long as we hold this kind of legislation on the Statute Book it will never return. Will a banker in Manitoba lend to a farmer? Why should he? The banks have been engaged in closing their Western branches. They are buying bonds of this Federal Government giving a return of from 2 to 2½ per cent. They are not lending to John Smith, of Portage Plains, because the Government of Canada have provided this machinery for debt adjustment. Let us not misunderstand

the situation. That atmosphere now prevails over those three Prairie Provinces, and I have no doubt it prevailed to some extent in the other provinces, too, until they got rid of this legislation. The destruction of morale is its very worst feature. I think I have still my sympathy for the West. My interest continues there. It is true I am not a farmer with debts, but I have debts too. I have never had the least difficulty in handling these matters myself. Thousands of others are in a similar position. What difficulties have existed have been largely because of the sword hanging above everybody—the threat to come in under the Farmers' Creditors Arrangement Act, or some other of the multitude of debt-extinguishing Acts by which Western administrations seek to make themselves popular. This purchase of popularity at the price of commercial dishonour is the deadliest poison with which you can infect the body politic.

I am sorry to see the Government come forward with this measure to extend the operation of this vicious influence, and I am going to oppose it out and out. I will support the Government with all my might if they will bring in a Bill to repeal this legislation, and I will support them with all my might if they will set their faces resolutely against every provincial Act which by destruction of credit affects the very well-being of the whole nation. The Government already have disallowed some of that legislation, and I have supported them in that disallowance; indeed, encouraged them before they took action. I do not know about the politics, but I do know the morality of such legislation. I do know the deadly effect it has had on our country.

Hon. J. J. HUGHES: The honourable leader on this side of the House (Hon. Mr. Dandurand) made a remark a few moments ago which shows he is not familiar at all with the working of the Act. He said it was terminated in several provinces on the 31st of December last.

Hon. Mr. DANDURAND: Is that correct or not?

Hon. Mr. HUGHES: Partly. But I know how it works in one province.

Hon. Mr. LACASSE: We know what province.

Hon. Mr. HUGHES: When Parliament passed legislation providing that the time for receiving applications under the Act should terminate on the 31st of December, 1933, a determined effort was made to encourage applications. The registrars even appointed sub-agents to go out and solicit applications.

Right Hon. Mr. MEIGHEN.

To-day, I understand, there are sufficient applications before the Board of Review in Prince Edward Island to keep them busy for the whole of this year, when, as a matter of fact, the Act should not be operating at all in a province where there is no necessity for it.

I should like to see this Bill go before a committee, where we can ascertain from some of the officials at Ottawa whether they know anything about the administration of the Act in the provinces. They should be able to give us some information which, in my judgment, would justify Parliament in making further amendments to the Act, if not in repealing it altogether.

Hon. Mr. DANDURAND: But the Act is repealed in Prince Edward Island. That is, no new applications can be received there.

Hon. Mr. HUGHES: It is not entirely abolished, for there is a class of people to whom it applies in all the provinces—returned men. Now, I submit that if the returned soldiers are entitled to further consideration the Government of Canada should give them that consideration. This Bill throws on the country retail merchant the burden of helping the returned soldier. The Act should be wiped out altogether. I want to bring that phase of the matter before honourable members, and to have the privilege of questioning the Ottawa officials in regard to the administration and operation of the Act. I would earnestly ask that this Bill be referred to the Banking and Commerce Committee or some other committee where it will receive better consideration than can be given it in Committee of the Whole.

Hon. C. MacARTHUR: I am sure several honourable senators must think that the Act is dead in Prince Edward Island and my honourable friend from King's (Hon. Mr. Hughes) and myself should not continue this discussion session after session. But, as my colleague has remarked, the Act is not quite dead in the Island. At any rate, it is not yet buried. In fact we do not know when its operation will be terminated there.

I would suggest that this Bill be sent to the Banking and Commerce Committee so we can have the administrator of the Act appear before us to answer certain pertinent questions. For instance, we want to ask him why he raised the registrar's remuneration from \$20 to \$30. Was there a strike?

Hon. Mr. LACASSE: A sit-down strike.

Hon. Mr. MacARTHUR: We never got any explanation of that action. We want also to ask him if there has been any dispute with the registrar himself. I may say that

I have in my pocket a letter complaining that the administrator will not settle with him. Last year I was challenged in the press to prove that they had solicited business. Another advertisement was issued a few days before the end of last December, inviting applications for reduction of debt. In connection with this I have a letter from the administrator saying he had sharply called the official to account.

If we do not get an opportunity of securing this information before the Banking and Commerce Committee, we shall have to put a flood of questions on the Order Paper. The only man who could give us the information we are seeking is the administrator.

I was in favour of the legislation at first, as I did not wish to appear partisan, but I have now come to the conclusion that it is a pity it was not declared *ultra vires* like some other legislation enacted at the time. So far this legislation has cost \$3,000,000. Where is it going to end? As the right honourable leader on the other side said, we do not want the Act. But the Government have encouraged it. The impression seems to prevail throughout the country that everybody must get something out of the Government in some way or other. I do not say this in disparagement of the farmers. They deserve a good deal of consideration, but undoubtedly the Act should be handled more intelligently.

I resent the manner in which this Bill comes before us now. We had a conference of the managers appointed by both Houses, and they reached a certain agreement. Then we got a Bill extending the time for the operation of the Act in some provinces and terminating it in others.

The right honourable gentleman spoke of 17,000 circulars being issued in Manitoba. In Prince Edward Island a man interviewed the farmers and members of Women's Institutes, urging them to send in letters saying what a wonderful Act it had proved to be, and that it should be continued and even expanded. Fortunately we have very good boards of trade in my province, and they sent in strong resolutions requesting that the Act be discontinued as soon as possible. It should have been terminated in Prince Edward Island long ago.

Another thing I do not like is the way the returned soldiers are dealt with. Last session we did not get a chance to consider the matter, but I think it is a mistake to attempt to justify continuation of the Act in relation to our returned men. Why should they come under the Farmers' Creditors Arrangement Act? They were looked after

before. As my honourable friend beside me (Hon. Mr. Hughes) has said, the Government should look after our returned men.

In our province big firms like Eaton's and Simpson's do not give credit to our farmers; they sell for cash only. As honourable senators will remember, I put a question on the Order Paper and was informed that one local firm had 230 cases of composition, and had to take what was handed out to them.

The Act should be administered with greater uniformity in the various provinces. At present there is no uniformity of administration. The Act is not ambiguous, but apparently those in control have the wrong idea and intention in regard to it. We should have the administrator before the Banking and Commerce Committee, where we can get from him the information that we desire.

Hon. Mr. DANDURAND: There is one remark I want to make to my honourable friend. He seems to think the House of Commons has broken faith in not standing by the agreement which was made last year between the two branches of Parliament. Of course, an Act can always be amended, and we are now here with an amendment which can be accepted or amended. It is absolutely in our own discretion.

I move second reading of the Bill.

Hon. Mr. HUGHES: I will vote for the second reading if it is understood the Bill will be referred to a committee. If not, I will vote against it.

Hon. Mr. McMEANS: Is the Bill to go to the Banking and Commerce Committee?

Hon. Mr. DANDURAND: I am in the hands of the Senate.

Hon. Mr. COPP: Honourable senators, I think it is only reasonable that we should have an understanding in regard to this matter, which is one of very great public concern. Other Bills have been read a second time on the understanding that they would be sent to committee. I do not feel like voting against this Bill, nor do I feel like voting against those who think that it should be considered in committee.

Hon. Mr. DANDURAND: This Bill is presented under a very special condition. It would not even need to go to Committee of the Whole. The whole matter is based upon a demand concerning Manitoba.

Hon. Mr. McMEANS: No, no; Alberta, Saskatchewan and Manitoba.

Hon. Mr. DANDURAND: No; only Manitoba. We have to decide whether we will maintain the Act in operation in Manitoba beyond the 30th of June of this year, as we have done in the cases of Alberta and Saskatchewan. The Bill need not go to Committee of the Whole, because it is simply a question of date. I am in the hands of the Senate, and it is for the Senate, particularly for the members from Manitoba, to enlighten us upon the desirability of continuing this legislation in the province of Manitoba. The whole question is: Shall the Act continue in operation in the province of Manitoba, as it does in Saskatchewan and Alberta, after the 30th of June?

How could I say that I would have it sent to committee in order that its operation in another province might be examined? I have not made up my mind on that point, but when the Bill has been read a second time I shall be in the hands of the Senate as to how the Bill shall be disposed of.

Hon. Mr. MURDOCK: I would remind my honourable leader that the right honourable gentleman opposite intimated that after twelve thousand circular letters had been sent out soliciting applications, only two applications came in.

Right Hon. Mr. MEIGHEN: Two to one company.

Hon. Mr. MURDOCK: And that company the largest. I think we are justified in asking that this Bill be referred to committee in order that we may ascertain how many applications were solicited, how many were made, and how many in Prince Edward Island and other places came in just under the wire. I am in sympathy with standing pat on what we did last year.

Hon. Mr. DANDURAND: Of course the Senate will have to decide whether it is disposed to extend the operation of the Act beyond the 30th of June. If the Senate decides to give the Bill second reading, I shall be in the hands of the House as to sending it to the Committee on Banking and Commerce.

Hon. Mr. McMEANS: Will the honourable gentleman support a motion to send it there?

Hon. Mr. DANDURAND: I will join the majority.

Hon. Mr. CALDER: Honourable members, as I see it, there is only one point involved in this Bill, and that is whether or not the Act as it now stands should be extended in Manitoba for the same period as in Saskatchewan.

Right Hon. Mr. MEIGHEN: It is indefinite.

Hon. Mr. McMEANS:

Hon. Mr. CALDER: If we vote for the second reading of the Bill we agree to the principle at once, notwithstanding the fact that the Bill may go to committee afterwards. I think we should have the usual understanding that if we vote for the second reading and send the Bill to committee we are not approving of the principle, because we may find afterwards that we were not justified in voting for the second reading.

Hon. Mr. DANDURAND: I will solve the problem this way. I have heard a number of my colleagues answer "No," to the question, "Shall the Bill be read a second time?" If my right honourable friend, who has declared that he would vote against the principle, is disposed to permit the second reading of the Bill and let it go to committee, I am ready to declare that it will be understood that we are not bound to the principle in passing second reading.

Hon. Mr. McMEANS: I am very much mixed up about this matter. If this Bill were defeated, would the Act still be in force in Alberta and Saskatchewan?

Hon. Mr. CALDER: Yes, and in Manitoba too, until the 30th of June.

Hon. Mr. HAIG: In the Western Provinces we have Debt Adjustment Acts, and anybody in Manitoba who is threatened with proceedings on a land contract of any kind can apply to the Debt Adjustment Board, which has power to stay proceedings. That Act came into effect in 1931 and is still in force. If I am a farmer with a mortgage on my farm, and someone wishes to take proceedings against me, I can apply to the board, and it can prohibit him from taking proceedings.

Hon. Mr. CALDER: That is a provincial law.

Hon. Mr. HAIG: Yes. That is a provincial law, and it is still in force. In addition to that, there is the Farmers' Creditors Arrangement Act, which affects contracts, I think, made prior to the 1st of June, 1934.

Hon. Mr. SINCLAIR: 1935.

Hon. Mr. HAIG: It applies only to contracts prior to that date. What has happened is this. People who have gone to the Debt Adjustment Board have been told, "You are so hopelessly in debt we will not give you a stay of proceedings." These people have then gone to the Farmers' Creditors Arrangement Board, which, after hearing them and being persuaded that they owed more than the amount of their assets, has wiped out certain of their liabilities so as to bring them down to a figure that has some relation to the assets. What actually happens under this Act is that

the mortgage companies are protected more than anybody else. Mortgages, mortgage companies, and life insurance companies are protected.

Hon. Mr. HUGHES: And every other creditor is penalized.

Hon. Mr. HAIG: And everybody else is penalized.

Now, I am a farmer on a half section. There is a first mortgage of \$3,000 on my land. If there is evidence that the land is worth \$2,500, the mortgage is written down to \$2,500 and all the other debts I owe are wiped out. The mortgage companies then have on the land which is mortgaged a farmer who has no other debts. But what about the doctor, the merchant, the implement man, the banker? What about every other individual the farmer owes money to? He is just out of doors. The farmers get a certain benefit, in a sense, but the mortgagees are the greatest beneficiaries. The little merchant, the implement dealer, the local banker and others are wiped out. In Manitoba there is an effort to provide that up to the value of the chattels these people shall be given some rights; but that is all.

I think that when the amendment of last year was enacted the Government of Manitoba did not know about it. When they found it had been passed they communicated—I do not know by what means—with the Debt Adjustment Board appointed by them and the board wrote to every farmer in Manitoba who had ever been before it, telling him that if he wanted to apply for adjustment under the Farmers' Creditors Arrangement Act he would have to do so before the 30th of June this year.

Last year our crop was reasonably good, but the price was low, and there has been some clamour from a certain type of farmer for a renewal or extension of the legislation. Only about five per cent of the farmers are involved. On the other hand, while people who lend money on farms are offering very little objection to this Bill, you will find that, as the leader of the opposition has said, other people dare not lend money in Manitoba, for they cannot tell when the Act is going to be extended again.

In Saskatchewan, at the recent session of the Legislature, an Act was passed providing that if a farmer had paid a certain amount on his machinery, the company could not recover under its lien.

In Manitoba you cannot borrow any money to-day. I happened to be in the Legislature there, and members on both sides were bound that I should not oppose this Bill. It was

pure politics, nothing else. They were sure people in the rural parts of Manitoba would accuse them of having been negligent in their duty. But now Manitoba is coming back. We are going to ask Parliament to give us an eighty-cent guarantee on wheat.

An Hon. SENATOR: No, no.

Hon. Mr. HAIG: We are going to ask it.

Hon. Mr. DANDURAND: I think my honourable friend is too modest. Why not a dollar?

Hon. Mr. HAIG: I want to be fair.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. HAIG: Many people in Manitoba thought the Farmers' Creditors Arrangement Act would keep the farmer on the land, but I am persuaded that it has had exactly the opposite effect, and that the Debt Act of Manitoba has been more useful. Under it, when a creditor goes to a farmer who says, "You cannot make me pay," the creditor can say, "But you will owe it." In case after case the farmer himself has settled with the creditor, and, apart from stubborn cases and cases of non-company loans, very reasonable settlements have been made. I do not think we need this Act at all in Manitoba. In my opinion it is a detriment to the province and is hurting our credit. Instead of passing an Act like this, we ought to be doing all we can to bolster up our credit.

I am willing that the Bill should get second reading and go to committee, where the honourable senators from Prince Edward Island can get the information they want. I must say that we have no such charge in Manitoba as has been mentioned. I think that, by and large, there has been very reasonable administration of the Act in our province. The officials there, under the past and present Governments, have been very satisfactory.

Right Hon. Mr. MEIGHEN: I was appealed to by the honourable leader of the House (Hon. Mr. Dandurand) to agree to second reading, on condition that the Bill should go to the Banking and Commerce Committee. I am opposed to the Bill, but so long as that is understood I will not object to second reading now. This is in accordance with a practice we have followed in some other cases.

Hon. Mr. DANDURAND: And if, in the committee—

Right Hon. Mr. MEIGHEN: Nothing that could take place in the committee would change my opinion.

Hon. Mr. DANDURAND: I shall be in the hands of the Senate if the second reading is passed. But first of all I want to know whether it will be passed.

Right Hon. Mr. MEIGHEN: No.

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

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Honourable Senators

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Dandurand	Marshall
Duff	McMeans
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CANADA'S RAILWAY PROBLEM

MEETING OF COMMITTEE

On the motion to adjourn:

Hon. Mr. DANDURAND: Before we adjourn, I remind honourable members that the Special Committee on the Railway Problem is resuming this evening at 8 o'clock.

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

THE SENATE

Friday, April 21, 1939.

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

Prayers and routine proceedings.

PRIVATE BILLS

THIRD READING

Bill H2, an Act respecting the New Brunswick Railway Company.—Hon. Mr. Robinson.

Right Hon. Mr. MEIGHEN,

REPORT OF COMMITTEE

Hon. F. B. BLACK presented, and moved concurrence in, the report of the Standing Committee on Banking and Commerce on Bill G2, an Act to incorporate Universal Eucozone Limited.

He said: Honourable senators, the committee reports this Bill with one amendment. The name of one of the directors, appearing in a previous clause, is inserted in a clause from which it had been omitted. This amendment does not in any way affect the nature of the Bill.

The motion was agreed to.

THIRD READING

Hon. Mr. BLACK moved the third reading of Bill G2.

Hon. Mr. McRAE: Honourable senators, I think this is the first time I have risen in this House to speak to a Bill emanating from a committee of which I was a member. I do it only to express to the House a fear that I have with respect to this Bill and a misinterpretation that might be placed upon it.

What is done under this Bill could have been accomplished under the Companies Act. The reason given for requesting a special Act of Parliament was that it was required for use in foreign countries. The Bill, as I understand it, excepts certain provisions of the Companies Act.

I would call the attention of honourable senators to paragraph 4, which says:

The capital stock of the company shall consist of seven hundred and fifty thousand shares divided into two hundred and fifty thousand class "A" shares of five per centum cumulative preference stock having a par value of ten dollars for each share, and five hundred thousand shares of class "B" stock having no nominal or par value.

If the no-par-value stock is put at the same valuation as the preference shares, the capitalization will be \$7,500,000. I do not know the object of the owners of the patent process involved, but from the set-up of the capital I should say that they must expect to finance by way of the sale of shares. What I fear is that if we pass this Bill and it later becomes an Act of Parliament, the inference may be drawn that we have given our approval to the issue of this capital, about which we know nothing. The legislation is, no doubt, in conformity with the Companies Act, and I may be too suspicious in matters of this kind, but I submit that a foreigner might very well regard such an Act as Parliament's approval of the capital issue.

I only wish to place this view before the House prior to the final reading of the Bill.

Hon. Mr. DANDURAND: This Bill came before the Committee on Banking and Commerce this morning, and I was informed that the powers conferred could have been given under the Companies Act. I had not heard the reason advanced by my honourable friend just now for an Act of Parliament being desired rather than letters patent granted by the Secretary of State.

I wonder what is the difference between the action of the promoters of this Bill in coming to this House and the action of other promoters in asking for private bills of incorporation. We sometimes complain that the Secretary of State does not give as close attention as he should to certain letters patent that are asked for, though I admit that in recent years no such complaint has been voiced by people who have suffered as a result of subscribing to stock issued under letters patent. The fact that the company comes here asking for a Bill has not struck me as being abnormal, and I wonder if the power to issue preference stock and common stock goes beyond what is generally granted to any company or to men of substance who under our regulations seek such power. I will ask from the right honourable gentleman who has given his services in presenting the Bill (Right Hon. Mr. Meighen) his moral assurance that the citizens of Canada shall not suffer under this measure.

Right Hon. Mr. MEIGHEN: I have nothing to add. Parliamentary Counsel stated the legal position exactly to the committee to-day, and the committee reported the Bill.

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

REFUND OF FEES

On the notice of motion by Hon. Mr. King:

That the parliamentary fees paid upon Bill K, intituled an Act to incorporate The Canada Board of American Missions of The United Lutheran Church in America, be refunded to Messrs. Long and Daly, solicitors for the petitioners, less printing and translation costs.

Hon. H. H. HORSEY: Honourable senators, in the absence of my colleague the honourable senator from Kootenay East (Hon. Mr. King), I move this motion standing in his name. I understand that a refund of fees in connection with religious bills of this kind is according to precedent.

The motion was agreed to.

FARMERS' CREDITORS ARRANGEMENT BILL

QUESTION OF PRIVILEGE

On the Orders of the Day:

Hon. CREELMAN MacARTHUR: Honourable members, I should like to explain, perhaps on a question of privilege, though not necessarily under that heading, a misunderstanding with regard to the vote taken yesterday on the motion for second reading of the Farmers' Creditors Arrangement Bill. The Debates of the Senate show that several honourable senators wished to have the Bill sent to the Committee on Banking and Commerce, and not one objection was raised to sending it there. Unfortunately, during the debate I had to leave the Chamber, because of a long-distance call from Prince Edward Island, with respect to a big event to take place there on May 18, and I did not know what the two leaders had agreed to. But I have asked some of my colleagues on both sides of the House about the Bill, and it is clear that we all believed there was only one way by which we could send it to committee, and that was by agreeing to second reading. My colleague here (Hon. Mr. Hughes) said that if he understood the Bill was not going to the committee he would vote against the motion. I took it that the right honourable leader on the other side (Right Hon. Mr. Meighen) had no objection to the Bill being sent to committee, and this is borne out by the report of his remarks in Hansard. But actions speak louder than words. He voted against second reading, and of course all his followers voted the same way. And criticism is being made of some of us on this side of the House because our actions also were apparently inconsistent with our words.

If I had suspected that this Bill was not going to the Banking and Commerce Committee I should have voted against second reading, and I think my colleague (Hon. Mr. Hughes) would have done the same. I feel there is some sharp practice in the procedure on these votes. We ought to know what we are voting for. There was a difference of understanding about this Bill among members on both sides of the House. I do not want to be talking one way and voting another: I want to be consistent. And I am not going to follow anybody blindly; I intend to use my own judgment.

Here is another point. If this Bill had been handled by the honourable senator from King's (Hon. Mr. Hughes) it would, I think, have been handled very much better than it was. Our leader on this side (Hon. Mr.

Dandurand) has been passing bills around to be sponsored by different senators. For instance, he asked the honourable senator from Peel (Hon. Mr. Marshall) to take charge of the Grain Futures Bill. He could very well have placed the Farmers' Creditors Arrangement Bill in the hands of my honourable friend from King's. If that had been done, the Bill would likely have gone to the Banking and Commerce Committee and there would have been no confusion in the vote.

I want to make it quite plain that if I had not understood the Bill was going to be referred to committee, and if all the speakers had not declared themselves in favour of that, I should have voted against second reading.

Hon. RAOUL DANDURAND: I quite understood the honourable gentleman (Hon. Mr. MacArthur) would vote in favour of second reading of the Bill in the expectation that it would be referred to a standing committee.

The only reason I rise is that my honourable friend has used the expression "sharp practice." I do not know to what he refers. I moved second reading of the Bill. Any sharpness of action is due to the fact that my honourable friend was called to the telephone and did not know what had occurred when the vote was called. I am sorry for him, but no one is responsible for his action but himself.

Some Hon. SENATORS: Oh, oh.

Right Hon. ARTHUR MEIGHEN: I should have thought, honourable senators, that if there was one member who would not want to reflect on the fairness or consistency of others in connection with the Bill it would be the senator from Prince Edward Island (Hon. Mr. MacArthur) who has just spoken. The only reason I rise is that he intimates I voted one way and spoke another.

Hon. Mr. MacARTHUR: Oh, no.

Right Hon. Mr. MEIGHEN: The House has some recollection of who did that.

Some Hon. SENATORS: Oh, oh.

Right Hon. Mr. MEIGHEN: In response to an appeal from the honourable leader of the House, although I am irrevocably opposed to the measure, I did intimate to him, as I have done on other occasions, that the Bill might be given second reading, and urged him to undertake to have it referred to committee; but he went only so far as to say he would be in the hands of the House.

Hon. Mr. MacARTHUR.

That did not satisfy everyone that he himself would move the Bill into committee. Part of his argument showed he did not see any purpose in so dealing with the Bill. Consequently, as there was no promise on behalf of the Government, I voted against the motion for second reading.

I am not finding fault with the leader of the Government in any way. I merely remind him I did offer to settle the matter if he gave a definite undertaking along the lines I have indicated.

I will try to help the honourable member from Prince (Hon. Mr. MacArthur) after this to understand what he is doing.

Hon. Mr. DANDURAND: Very often, as my honourable friends readily understand, I have no time to read the Official Report of our debates. All I remember of yesterday's proceedings is that I asked my right honourable friend (Right Hon. Mr. Meighen)—and it was my last word—whether, after the Bill went to committee, he would alter his opinion and vote for the third reading. He said, "No." That, for me, settled the situation, and I moved second reading.

SUBMARINE IN HALIFAX HARBOUR STATEMENT

On the Orders of the Day:

Hon. RAOUL DANDURAND: Before the Orders of the Day are called, I desire to refer to the question the honourable member from Edmonton (Hon. Mr. Griesbach) asked me yesterday. He said he had been informed of a dispatch from Halifax concerning the appearance in the harbour of what seemed to somebody to be a submarine. I told him that I knew nothing about the matter. I find since that yesterday the Minister of National Defence made this statement in the other House:

Reports were received by naval authorities at Halifax yesterday from a pilot vessel that officers of the vessel believed that a submarine had entered Halifax harbour early on Wednesday morning. Immediately a most thorough investigation was conducted by the officers of the Royal Canadian Air Force, the Royal Canadian Navy and the Royal Canadian Mounted Police. At this time I may tell my honourable friend that the opinion of the officers is that the vessel in question was not a submarine. However, as soon as I have further reliable information I will give it immediately to the House.

CANADIAN NATIONAL-CANADIAN
PACIFIC BILL
FIRST READING

Hon. Mr. DANDURAND: I desire to introduce Bill I-2, an Act to amend the Canadian National-Canadian Pacific Act, 1933. Honourable members may recall that in the debate on the Address I suggested we should explore the condition of the employees who might be laid off under a co-ordination plan. I understand that this Bill gives effect to what I thought should be done by way of an amendment to the Canadian National-Canadian Pacific Act of 1933.

The Bill was read the first time.

PEST CONTROL PRODUCTS BILL
THIRD READING

Bill 40, an Act to amend the Agricultural Pests Control Act and change the Title thereof.—Hon. Mr. Dandurand.

NATIONAL FILM BILL
THIRD READING

Bill 35, an Act to create a National Film Board.—Hon. Mr. Dandurand.

SEALS BILL
THIRD READING POSTPONED

Hon. Mr. DANDURAND moved the third reading of Bill 76, an Act to make provision for the Sealing of Royal Instruments:

He said: Honourable senators, my right honourable friend (Right Hon. Mr. Meighen) asked me yesterday whether this Bill had been studied by the Department of the Secretary of State, which has the custody of seals and signets. I have obtained information from the Department of External Affairs to the effect that this Bill was examined closely by the Under Secretary of State, Mr. Coleman, and by the Department of Justice, and that it meets with their approval.

Right Hon. Mr. MEIGHEN: Honourable members, I did make the request referred to, and of course I am better satisfied when I know the Under Secretary of State has approved of the Bill. But I did something else as well: I asked the honourable senator from Saltcoats (Hon. Mr. Calder) to make a study of the Bill, and to give it all the time necessary in order to understand it. I did that because in the little time at my disposal I was unable to understand it, and could not see the relation between the explanations and the Bill. I have not the slightest idea what

some parts of the Bill mean, and I do not think any other member of this honourable House has.

I am not at all fearful that there is anything sinister about the Bill, but I have a rooted objection to passing a measure when I do not know what it means. I have not consulted the Parliamentary Counsel, but I am sure the honourable senator from Saltcoats has, and that Parliamentary Counsel expressed pretty much the same opinion that I have. The honourable senator from Saltcoats has advised me to-day that he cannot understand the Bill, although he spent on it, I think, a good part of last night. My suggestion is that we should select about four members—say the honourable senator from Westmorland (Hon. Mr. Copp), who was at one time Secretary of State, the honourable senator from Saltcoats (Hon. Mr. Calder) and the honourable senators from Ottawa East (Hon. Mr. Coté) and Moncton (Hon. Mr. Robinson)—and have the Secretary of State appear before them to see if he can put them in a position to explain the Bill to this House. Only one day would be needed for this, and there is no need for hurry in passing the Bill.

Hon. Mr. DANDURAND: I would move that this Order be postponed until Wednesday of next week. By then I may have such a clear exposition of the meaning of this Bill as to be able to induce my right honourable friend to endorse it.

I may say I received from our Law Clerk a memorandum stating that he had no amendments to propose to the Bill. Therefore I accepted it. I can now boast, perhaps for the first time in this Chamber, of being on an equal footing with my right honourable friend (Right Hon. Mr. Meighen), inasmuch as I, too, know nothing about this matter.

The debate was adjourned.

DOMINION TRADE AND INDUSTRY
COMMISSION BILL
SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 60, an Act to amend the Dominion Trade and Industry Commission Act, 1935.

He said: Honourable senators, the explanation of this Bill comes to me from the Minister of Trade and Commerce. It is as follows:

This Bill is the outcome of certain representations made by the late Judge Sedgewick, the Chairman of the Dominion Trade and Industry Commission. It includes certain provisions which he regarded as desirable in the

public interest and which were omitted from the original bill. I may say that the Bill was drafted by the late Chairman himself. The purpose of the legislation is to make it possible to establish standards in respect of commodities which are not now provided for by any existing Act of Parliament, and also to prescribe the words by which the material content of any commodity shall be represented. A number of Acts, such as the Food and Drugs Act, the Canada Grain Act, the Meat and Canned Foods Act, the Inspection and Sale Act, et cetera, provide for standards in respect of certain commodities, but there are many commodities which cannot be made subject to standards under any existing legislation. The Dominion Trade and Industry Commission have received suggestions for standards for a number of commodities. This is intended to give power to deal with such cases.

The purpose of all the Acts referred to as being concerned with standards is to protect the public and the health of the public. I quite understand that the Chairman of the Tariff Board, to whom was confided the administration of the Trade and Industry Commission Act, and who was in daily contact with our producers, would feel that this Bill should be enacted in order that standards might be fixed for commodities not already covered by legislation.

The explanatory note appended to the Bill gives this further information:

The Dominion Trade and Industry Commission have received suggestions for standards for a number of commodities. Some cases seem urgent. Further, the knitters of hosiery have made out a strong case for the desirability of rules covering the markings of the fibre content of hosiery, and desire immediate action.

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

Right Hon. Mr. MEIGHEN: Honourable members, I am entirely in favour of this Bill. I should be prejudiced in favour of any measure recommended by the late Chairman of the Dominion Trade and Industry Commission. This Bill is undoubtedly in the public interest. It seems to me very questionable whether it is within our powers, but I sincerely hope it is. The object could not be attained by any series of provincial statutes.

During the debate on this measure in another place some comments were made about the textile industry in general, and complaint was made that in the hosiery industry in particular there was an understanding, or some sort of policy, which encouraged the manufacture of, or indeed probably restricted manufacture entirely to, inferior goods, the purpose being to make more sales because of the very short life of the product. It was argued that the industry could easily manufacture ladies' stockings, for example, in which runs would not occur, but this would necessarily reduce sales, and therefore business would suffer.

Hon. Mr. DANURAND.

I have received a letter about this from the secretary of the Primary Textiles Institute. No member of the Institute has seen me, but the secretary, whom I have known quite well for many years, asks me to quote from his letter in order to make clear the position of the textile manufacturers. I will leave out the first two paragraphs, which are introductory. Then it goes on:

(1) Bill 60 was introduced into the House of Commons on the initiative and at the request of the hosiery industry in Canada, which is comprised of about 100 mills producing 7,000,000 dozen pairs of socks and stockings per annum. These are made from wool, cotton, silk and rayon.

(2) Early in 1938 the hosiery manufacturers thought it would be sound if the wording used to describe the fibre content of hosiery which entered into commerce in Canada was standardized, the standardized wording to be used if stamped on the hosiery, tickets, labels, boxes, signs or advertisements. The problem was discussed with the Dominion Trade and Industry Commission and as a result a committee was set up by the manufacturers to report back to the commission.

(3) In June, 1938, the committee brought down a report and in November the Dominion Trade and Industry Commission called a meeting of the manufacturers to discuss the report. At this time it was thought that action would be taken in time for spring business for 1939. Following the November meeting, however, the industry was informed that the existing legislation did not give power to the Dominion Trade and Industry Commission to deal with marking, but that legislation would be prepared and submitted to the Minister of Trade and Commerce.

(4) The late Hon. Geo. H. Sedgewick, Chairman of the Commission, prepared Bill 60 and the hosiery industry urged the Minister to introduce it into the House as soon as possible, so that the commission could take action in time for the fall season of 1939. Considerable work had still to be done on the proposals as the wholesalers, retailers and importers had to be consulted by the commission, which did not want to undertake this work until the enabling legislation was through.

(5) Owing to the death of the Hon. Geo. H. Sedgewick apparently no clear statement of the origin and the purpose of the Bill was made and the following extracts from the debate are from Hansard of April 6:

Page 2864: "Mr. MacInnis: I notice in the explanatory note, the fourth line from the last, the statement, 'Some cases seem urgent.' Then it refers to the knitters of hosiery having made out a strong case for the desirability of rules covering the marking of the fibre content of hosiery and desiring immediate action. This is a matter on which possibly the honourable member for the Yukon (Mrs. Black) could speak with more authority than I, but I am informed by people who buy and use ladies' hosiery that there seems to be something approaching a "racket"—I do not like the word—in the manufacture of ladies' hosiery; that the quality is extremely low or bad. I should like to know if this Bill would apply to a case of that kind, whether the manufacturers of such goods would be compelled to produce some better quality than they do now."

One can imagine the fine advertisement that is for Canadian business!

Page 2864: "Mr. Gladstone: The ladies have a great deal of difficulty and complain a great deal in regard to the wearing qualities of the hose manufactured and sold to-day. It must be annoying as well as very hard on the pocket-book, to find a run in a silk stocking the first time it is worn, because after that it is totally useless. I do not know whether this discussion properly comes under this Bill, but it does seem to me that some department should inquire into the question whether or not there is any deliberate effort or agreement on the part of manufacturers to refrain from producing and marketing stockings which will not run. I understand that there is a weave that is run-proof, but I believe these stockings are not readily available in our stores; the tendency is to sell stockings that will run, in order that sales may be increased."

Page 2865: "Mrs. Black: There is a runless stocking; instead of a run you get a little pin prick of a hole, and I would rather have the run."

(6) These remarks are in reference to silk hosiery. In 1938 the mills in Canada produced about 2,800,000 dozen pairs of women's full fashioned hosiery made from cocoon silk. Of this production 515,082 dozen pairs were exported from Canada to 28 different countries. In other words the relatively small industry in Canada exported more full fashioned silk stockings in 1938 than were exported by a similar industry in any other country. For example, the United States, with an industry many times greater than Canada, exported only 382,484 dozen pairs of full fashioned silk hosiery in 1938 and Great Britain exported only 84,514 dozen pairs of silk hosiery. Canada would not have this export business if Canadian silk stockings were not right and to anybody who knows hosiery it is an acknowledged fact that Canadian mills produce the finest silk hosiery made anywhere in the world.

Hon. Mr. DANDURAND: Hear, hear.

Right Hon. Mr. MEIGHEN:

(7) Now, about runs. There is a lockstitch method of producing hosiery which are described as "runless." If a thread breaks, instead of going into runs the result is a small hole. Owing to the fact that each stitch has to be locked the appearance of such stockings when worn is not as attractive as those produced in the ordinary way. They were tried out in Canada, but apparently the women did not want them because of their appearance and there was no market for them.

Hon. Mr. LACASSE: Appearance before safety.

Right Hon. Mr. MEIGHEN:

While a thread of cocoon silk, size for size, is the strongest textile fibre used for clothing, any silk stockings must be treated with care. Fine sheer silk stockings (chiffon) are made in 2, 3 and 4 thread silk and while much more attractive in appearance are not as strong as service weight stockings made from 4 to 6 thread silk. To-day women are demanding more and more the finer thread stockings and are consequently buying appearance and not wearing qualities.

(8) If any manufacturer was able to produce a runless silk stocking of equal appearance to a stocking produced on the ringless three carrier machines he could work his mill day and night. On the other hand, stockings are produced in price ranges and any manufacturer would be a very bad business man indeed if he did not produce the best stocking he could in any of the price ranges demanded by retailers. If a retailer wants to buy silk stockings from a mill for \$4.90 a dozen, to retail at \$7.08 per dozen, or 59 cents per pair, they will not be of the quality for which the retailer is prepared to pay the mill \$5.85 per dozen, and which he retails at \$9 per dozen, or 75 cents per pair, but both stockings will be the best stocking which can be turned out at the price.

(9) The committee that investigated the situation found nothing wrong with the marking of silk hosiery produced in Canada, but included it in their recommendation so as to standardize such marking.

Under the circumstances we would be greatly obliged if the facts could be put on record when Bill 60 appears in the Senate. Of course the powers to deal with marking will apply to other commodities besides hosiery and we believe there are other applications of a similar nature before the Dominion Trade and Industry Commission.

Yours faithfully,

Douglas Hallam,
Secretary.

Hon. RAOUL DANDURAND: Honourable senators, I can testify to the correctness of the statement which has just been read by my right honourable friend. In recent years when I have been in Europe I have heard it said, in more than one capital, that Canadian women who cross over to Europe take very good care before leaving home to have a supply of Canadian stockings sufficient to last them while they are abroad. I once asked some of my relatives why they were packing so many Canadian stockings into their trunks. I was told: "It is because they are the best that can be had. No stockings that can be found anywhere in Europe are equal in quality to those obtainable in Canada."

I think it is well that the Senate should emphasize the fact that the hosiery industry in this country is doing good work. And it is not the only industry of which that can be said. This fact explains why our exports have been so buoyant during late years—I am making no comparison as to the years. The fact that we are a large exporting country is due, I am quite sure, to the quality of the products manufactured by our industries.

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

THIRD READING

Hon. Mr. DANDURAND: If there is no objection to the wording of the Bill, I move third reading now.

Right Hon. Mr. MEIGHEN: Has any objection been made to the Bill by Parliamentary Counsel? I do not know.

Hon. Mr. DANDURAND: I think it has his approval.

Right Hon. Mr. MEIGHEN: I hope the honourable leader of the House has noted my very grave question on the point of constitutionality. I think that if I were a member of the Government I would try to get the Bill through and have it tested, anyway.

Hon. Mr. DANDURAND: It is along lines which are so generally followed in all our legislation that I should not like to cast any doubt upon our jurisdiction.

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

ADJOURNMENT—BUSINESS OF THE SENATE

Hon. RAOUL DANDURAND: I move that when the Senate adjourns this evening it stand adjourned until next Monday evening at 8 o'clock.

Right Hon. Mr. MEIGHEN: I had no intimation it was intended to sit Monday evening. If the leader of the Government considers it important, of course I cannot object. I am sorry I shall not be here. I have to attend three meetings that day.

Hon. Mr. DANDURAND: I thought my right honourable friend had understood we should have a fairly busy time next week in order to catch up with the Commons. However, we have done so well this week that I am ready to trust to his good will and have the Senate adjourn to Tuesday evening.

Right Hon. Mr. MEIGHEN: Make it 3 o'clock.

Hon. Mr. DANDURAND: Then we shall have no meeting of our Banking and Commerce Committee on Tuesday.

Hon. Mr. BEAUBIEN: And the Special Railway Committee.

Right Hon. Mr. MEIGHEN: Why not?

Hon. Mr. McRAE: I cannot be here on Tuesday—if that makes any difference to the Special Railway Committee.

Right Hon. Mr. MEIGHEN: We have to go on with that committee's work or we shall land in a bog.

Hon. Mr. DANDURAND: That is why I thought we should adjourn to Monday evening.

Hon. Mr. DANDURAND.

Right Hon. Mr. MEIGHEN: All right; I make no objection. I hope the leader of the Government will not bring up anything contentious that evening.

Hon. Mr. DANDURAND: My right honourable friend will notice that on Monday the House will again go into Committee on the Rainy Lake Watershed Emergency Control Bill.

Right Hon. Mr. MEIGHEN: The leader of the Government and I can go over the items.

Hon. Mr. DANDURAND: Yes. I shall have the necessary information for my right honourable friend. Then we shall have to transfer our activities in the Special Railway Committee to Wednesday morning.

Right Hon. Mr. MEIGHEN: No. The Senate will meet Monday night. We shall know beforehand what will come up.

Hon. Mr. DANDURAND: All right; Monday evening at 8 o'clock.

The motion was agreed to.

The Senate adjourned until Monday, April 24, at 8 p.m.

THE SENATE

Monday, April 24, 1939.

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

Prayers and routine proceedings.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. ROBINSON, Chairman of the Committee on Divorce, presented the following Bills, which were severally read the first time:

Bill J2, an Act for the relief of Blanche Anna Bousquet Pepin.

Bill K2, an Act for the relief of Agnes Keating Bigelow Reddy.

Bill L2, an Act for the relief of Ethel Rothpan Staroselsky.

Bill M2, an Act for the relief of Myrtle Jane Ramsay Fox.

Bill N2, an Act for the relief of Joseph Maurice Durieux.

POPULATION OF GERMAN ORIGIN

INQUIRY

Hon. Mr. GRIESBACH inquired of the Government:

What is the population of German origin in Canada, by provinces, for the years 1921, 1931 and 1939?

Hon. Mr. DANDURAND: I have the following answer for my honourable friend:

The population of persons of German origin in Canada, by provinces, for the years 1921 and 1931 is as follows:

Provinces	1921	1931
Canada	294,635	473,544
Prince Edward Island	260	282
Nova Scotia	27,046	27,098
New Brunswick	1,698	2,659
Quebec	4,667	10,616
Ontario	130,545	174,006
Manitoba	19,444	38,078
Saskatchewan	68,202	129,232
Alberta	35,333	74,450
British Columbia	7,273	16,986
Yukon	155	98
Northwest Territories	12	39

There are no statistics available for 1939.

Hon. Mr. CALDER: I wonder if those figures include children born in Canada after the parents became naturalized?

Hon. Mr. DANDURAND: I do not know. I shall inquire of the Statistical Branch.

Hon. Mr. CALDER: You can see what a difference that would make. In the province of Saskatchewan we have many large settlements of Germans who came there twenty or thirty years ago. In time those people became naturalized, and their children born in Canada would be Canadian citizens.

Hon. Mr. DANDURAND: Of course, I do not know the purpose of the question put by my honourable friend (Hon. Mr. Griesbach). I might point out that there was held in Montreal yesterday a large meeting of Germans who took a very commendable stand as Canadians.

FARMERS' CREDITORS ARRANGEMENT BILL
FIRST READING

Hon. J. J. HUGHES introduced Bill O2, an Act to amend the Farmers' Creditors Arrangement Act, 1934.

He said: Honourable senators, I wish to introduce a Bill—

Hon. Mr. DANDURAND: You do not need to make any explanation on the first reading.

Hon. Mr. HUGHES: The honourable leader says I do not need to give an explanation on the first reading, but I should prefer to give it now. The explanation is quite short. The object of the Bill is to eliminate that part of the Act which provides that proposals may continue to be received from soldier settlers. It was stated in this House

a few days ago that the statute had terminated in some of the provinces. That is not correct, for it has not terminated in any part of the country, and cannot be terminated, so long as it applies to some persons in every province. While the Act remains as it is, a large part of the machinery for its administration will continue in existence, and at considerable expense, I presume.

The proviso for continuation of the Act with respect to soldier settlement was inserted in the amendment made last year, and must have been due to an oversight. If the Government decided that returned men should receive further consideration than they have yet received, that would be a matter for which the Government ought to bear the responsibility and expense. It would seem to me exceedingly unjust for the Government to select any class of people in the various provinces—say the retail country merchants in Prince Edward Island for example—to bear expense on this account. The retail country merchants already have a difficult time to make ends meet, to carry out their obligations, and it surely never was the intention of the Government to compel them to assume special obligations under this Act.

The Bill was read the first time.

POINT OF ORDER

The Hon. the SPEAKER: When shall this Bill be placed on the Order Paper for second reading?

Hon. Mr. HUGHES: Wednesday next.

Hon. Mr. CALDER: Honourable senators, I rise on a point of order. I am not sure that I am right, but it seems to me we have already dealt this session with the very matter that has been raised by the honourable senator from King's (Hon. Mr. Hughes). And if that is so—

Hon. Mr. HUGHES: No, it is not so.

Hon. Mr. MURDOCK: I was going to raise that point myself, but I looked at the Rules and I found I could not do so. Rule 69 says:

When a Bill originating in the Senate, has passed through its final stage therein, no new Bill for the same object can afterwards be originated in the Senate during the same session.

The Farmers' Creditors Arrangement Bill that we rejected this session did not originate in the Senate.

Hon. Mr. HARDY: It was a different bill, anyway.

Hon. Mr. HUGHES: And it applied to a different subject altogether.

Hon. Mr. MURDOCK: The present Bill is to amend The Farmers' Creditors Arrangement Act, and so was the other one.

The Hon. the SPEAKER: Perhaps the House will allow the measure to be put down for second reading. I shall give a decision on the point of order prior to the second reading.

RAINY LAKE WATERSHED EMERGENCY CONTROL BILL

FURTHER CONSIDERED IN COMMITTEE

The Senate again went into Committee on Bill 72, an Act to carry into effect the provisions of the Convention of the 15th September, 1938, providing for emergency regulation of the level of Rainy Lake and of the level of other boundary waters in the Rainy Lake watershed.—Hon. Mr. Dandurand.

Hon. Mr. Duff in the Chair.

Hon. Mr. McMEANS: Honourable senators, I should like to ask for some information of the honourable leader of the House (Hon. Mr. Dandurand) before we go into Committee.

Hon. Mr. DANDURAND: We are already in Committee.

Hon. Mr. McMEANS: I was not here when the House was previously in Committee on this Bill, or I should have put my question then. I am not acquainted with the commission which has charge of raising the waters of Rainy lake. The watershed of that lake, in connection with the Winnipeg river, is the source of supply for electric energy throughout the province of Manitoba and sections far more distant. They depend upon Rainy lake, Rainy river, the Lake of the Woods and the Winnipeg river. I should like to ask if the Government have taken any steps to consult the province of Manitoba with a view to ascertaining whether that province's interests will be affected in any way by the Bill. It seems to me that if they are to be affected at all, the province should have been notified that the Bill was being brought down.

It is for want of information that I am asking the question. I regret that I have no technical knowledge whatever in the matter, nor am I acquainted with the commission which had charge of raising the waters of Rainy lake. Perhaps the honourable leader is an expert on the raising of water levels and may be able to assuage my alarm.

Hon. Mr. DANDURAND: If my honourable friend will permit the Committee to be seized of the Bill, I shall give him an explanation.

Hon. Mr. McMEANS: Thank you.

Hon. Mr. HUGHES.

On section 2—interpretation:

Hon. Mr. DANDURAND: Honourable senators, it will be remembered that when we were in Committee on this Bill last week the right honourable leader on the other side (Right Hon. Mr. Meighen) asked me for some precise information. I have here an answer, which would partly cover the question just put by the honourable senior senator from Winnipeg (Hon. Mr. McMeans), but before reading the answer I may tell my honourable friend from Winnipeg that, as I stated to the House on moving second reading of the Bill, the provinces of Ontario and Manitoba have been consulted and have agreed to the convention going into effect.

In response to the inquiry of the right honourable leader on the other side, I will read the memorandum I have received from the Department of External Affairs:

In the debate, as reported in Senate Debates, April 20, 1939, pages 214, 215 and 216, there seems to be a misunderstanding as to the need for this measure and as to the position of the Lake of the Woods Control Board.

The first question is, why could not the emergency control of the Rainy lake watershed have been effected under the general authority of the International Joint Commission?

Senator Meighen seemed to have been under the impression that the International Joint Commission has a general authority to control boundary waters. If that assumption were justified, there would, of course, be no need for the present convention or for the legislation.

The International Joint Commission derives its authority from the Boundary Waters Treaty. That treaty does not give to the commission any general power of control over boundary waters or over the other waters subject to its jurisdiction, such as waters crossing the boundary, and to some extent waters flowing from boundary waters. The authority of the International Joint Commission is limited to the approval of obstructions and diversions of boundary waters affecting the natural level or flow of boundary waters on the other side of the international boundary line, and to the approval of dams or other obstructions in waters flowing from boundary waters or in waters at a lower level than the boundary in rivers flowing across the boundary, the effect of which would be to raise the natural level of waters on the other side of the boundary line.

Practically speaking, the International Joint Commission is concerned with the approval of dams and other works which, if constructed, would affect water levels on the other side of the boundary line. A limited measure of control is sometimes effected by incorporating provisions for control as conditions in the order of approval. For example, in the Lake Champlain region, an important measure of control over the levels of the lake and of the upper reaches of the Richelieu river was effected by incorporating it in the order of the commission approving the construction and operation of the Friar's Island dam. Apart, however, from such limited measures of control, the commission has no general authority to control boundary waters and has no power to deal with problems of emergency control arising out of flood conditions.

The only way in which emergency control, and especially flood control, can be effected in boundary waters is by the conclusion of a new convention, together with appropriate legislation.

The other question was, why the Lake of the Woods Control Board was not the proper authority to deal with this matter.

Honourable senators will remember that it was on this question I moved last Thursday that the Committee report progress, so that in the meantime I might procure an answer for the right honourable leader opposite.

There are two Lake of the Woods boards. The Canadian board controls the levels of the Lake within a given range, under the authority of the Lake of the Woods Convention, but without any restriction. The international board controls the regulation of the levels when they fall below or rise above given elevations. The international board is, in turn, subject to the International Joint Commission, which has to deal with any cases in which the board fails to reach agreement.

Both of these boards are dealing with the Lake of the Woods. They both act under authority conferred upon them by the Lake of the Woods Convention. Neither board has any authority whatsoever to deal with any of the waters of the Rainy lake watershed as such. It is true that the waters of the Rainy lake watershed ultimately flow through Rainy river into the Lake of the Woods and thereupon become subject to these two boards. Neither board, however, has any authority whatsoever to deal with either the Fort Frances or the Kettle Falls dams. Further, the Lake of the Woods Convention itself makes no provision for the exercise of any control over the Rainy lake watershed.

In order to enable either of the boards to exercise any authority within the Rainy lake watershed, a new convention and new legislation would be needed. Bearing in mind that the Canadian board would be entirely unsuitable for the present problem and that the International Lake of the Woods Board is itself subject to the general authority of the commission, it would appear to be more appropriate to invest the commission itself with authority to deal with the Rainy lake watershed. Presumably, the commission will in this, as in all other instances in which it has acted, work through the medium of a board. The ordinary practice of the commission would be to hold the necessary hearings, formulate the necessary policy, embodying it in an order, and provide in the order for its actual working out through the medium of a board, subject, ultimately, to the supervision of the commission.

It may with some confidence be expected that the commission will ensure a close co-operation between the activities of any board that may be dealing with problems in the Rainy lake and the international board which is charged with responsibility during emergency conditions in the Lake of the Woods.

I would suggest that after the Bill is reported it be put down to be read a third time to-morrow. Then the right honourable gentleman will have an opportunity of perusing this explanation.

Section 2 was agreed to.

Section 3 was agreed to.

On section 4—commission to determine existence of emergency conditions and adopt measures of control:

Hon. Mr. DANDURAND: A slight amendment is necessary. The Law Clerk suggests the word "that" be added at the commencement of the eighth line.

Hon. Mr. MURDOCK: I move that clause 4 be amended by adding the word "that" at the beginning of the eighth line. The concluding sentence will then read: "in the event that the commission shall determine that such emergency conditions exist."

The amendment was agreed to.

Section 4 as amended was agreed to.

Sections 5 and 6 were agreed to.

On section 7—measures of control to be binding:

Hon. Mr. DANDURAND: The Law Clerk also suggests a slight amendment to this section by the striking out of "all processes" in line 30 and the substituting of "every process." In order that the other House may be seized of the reason for the change, I may explain that the word "process" can be pluralized, but in legal proceedings the plural and singular are the same, as is the case in "counsel." The expressions, "The process of the court" and "the court's process" have for long been familiar expressions to barristers, and there is good authority for the use of "process" for any or all of the proceedings of a court.

Hon. Mr. MURDOCK: I move that we amend clause 7 by striking from the thirtieth line the words "all processes" and substituting therefor the words "every process."

The amendment was agreed to.

Section 7 as amended was agreed to.

Section 8 was agreed to.

The preamble and the title were agreed to.

The CHAIRMAN: Shall I report the Bill?

Hon. Mr. McMEANS: Can the honourable leader of the Government give the House the names of the gentlemen who now compose the International Joint Commission?

Hon. Mr. DANDURAND: I will get the information for my honourable friend to-morrow.

The Bill was reported.

The Hon. the SPEAKER: When shall this Bill, as amended, be read a third time?

Hon. Mr. DANDURAND: To-morrow.

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

THE SENATE

Tuesday, April 25, 1939.

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

Prayers and routine proceedings.

DAIRY INDUSTRY BILL

FIRST READING

Bill 84, an Act to amend the Dairy Industry Act.—Hon. Mr. Dandurand.

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

Hon. Mr. DANDURAND: Honourable senators, with the leave of the Senate I would move that this Bill, and some others that are coming, be placed on to-morrow's Order Paper for second reading. This is done with the understanding that if there is need for postponement I shall gladly accede to any request that is made.

The Hon. the SPEAKER: Next sitting.

CHIEF JUSTICE OF CANADA BILL

FIRST READING

Bill 91, an Act respecting the Chief Justice of Canada.—Hon. Mr. Dandurand.

UNEMPLOYMENT AND AGRICULTURAL ASSISTANCE BILL

FIRST READING

Bill 96, an Act to assist in the alleviation of Unemployment and Agricultural Distress.—Hon. Mr. Dandurand.

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

Right Hon. Mr. MEIGHEN: Is this the very far-flung measure that underwrites all agriculture in Canada?

Hon. Mr. DANDURAND: All I can do is to ask my right honourable friend to look at the report of the debates which occurred in the House of Commons. I have a copy in my hand.

Right Hon. Mr. MEIGHEN: Is that the size of it?

Hon. Mr. DANDURAND: This is the report of the discussion, which was carried on over several weeks. I do not know what it contains, but I shall be in a position to inform my right honourable friend to-morrow.

The Hon. the SPEAKER: Second reading to-morrow.

Hon. Mr. DANDURAND.

RAINY LAKE WATERSHED EMERGENCY CONTROL BILL

THIRD READING

On the Order:

Third Reading, Bill 72, an Act to carry into effect the provisions of the Convention of the 15th September, 1938, providing for emergency regulations of the level of Rainy Lake and of the level of other boundary waters in the Rainy Lake watershed.—Hon. Mr. Dandurand.

Hon. RAOUL DANDURAND: I suggested last night that this Bill be put down for third reading to-day, in order that in the meantime my right honourable friend might have an opportunity of reading the information which I brought to the Chamber. If he has read it and is satisfied, I will move third reading now. Otherwise, I will postpone the motion until another day.

Right Hon. ARTHUR MEIGHEN: I have read the explanation and am glad to say it is entirely satisfactory. I understand it thoroughly. There is no need to have it repeated, for it is concise and clear. I only make this suggestion. The International Joint Commission will have to act in respect of Rainy lake through a board. Rainy lake is close to and in the very same watershed as the Lake of the Woods, and, as is the case with the Lake of the Woods control, there will be power to act only after the level of the water rises to a certain height or falls below a certain height. Therefore the commission would be very well advised to utilize the same international board.

Hon. Mr. DANDURAND: I move third reading of the Bill.

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

CANADIAN NATIONAL-CANADIAN PACIFIC BILL

MOTION FOR SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill I2, an Act to amend The Canadian National-Canadian Pacific Act, 1933.

He said: Honourable senators, on the 7th of last March I had occasion to speak of the fate of railway employees who would be the victims of co-operation in any abandonment of lines by the two railways under the Act of 1933. And I said at that time that we should do well to consider, in the Special Railway Committee which was about to be revived, the desirability of examining into means of assisting these employees. I went on to say:

There was in Washington, in 1936, I think, a meeting of the carriers and the employees for the purpose of trying to alleviate the situ-

agreement of laid-off employees, and a solution was reached which I believe was satisfactory to both sides. But it strikes me that if something is done which would result in the laying off of a large number of employees, the Government would be interested in seeing that they did not fall back on the State for relief.

I had prefaced that statement by declaring:

There is another matter, also of very considerable import, which we—

referring to the committee to be revived—
—could examine, and which would call for an amendment to the Act of 1933.

The Bill I am now presenting is on all fours with the suggestion I made on the 7th of March last, that in view of the proposed abandonment of lines something should be done for the laid-off employees.

Hon. Mr. CALDER: Will the honourable gentleman permit me for a moment? I have not the Bill on my file, and I understand three or four other members are without a copy.

Hon. Mr. GRIESBACH: It is Bill I2 of the Senate. It is not on my deskmate's file nor on that of the senator to my right.

Hon. Mr. MURDOCK: I have it on my file.

Hon. Mr. DANDURAND: It will be noticed that I said the Canadian National—Canadian Pacific Act of 1933 might well be amended. I added:

It is a matter which was but incidentally mentioned in the Act—
of 1933

—concerning the unemployment resulting from alterations in the whole system. It would be for us to try to see if we could not induce the Government to examine into the question of sharing with the Canadian National and the Canadian Pacific Railway in compensating the employees laid off.

This Bill is substantially on the lines of the agreement between the carriers and the employees signed at Washington in May, 1936.

In order that honourable members may fully understand the variations between this Bill and the Washington agreement I would ask leave to put the agreement on Hansard.

This is the Washington Agreement:

Agreement of May, 1936, Washington, D.C.

This agreement is entered into between the carriers listed and defined in Appendices "A," "B" and "C" attached hereto and made a part hereof, represented by the duly authorized Joint Conference Committee signatory hereto, as party of the first part, and the employees of said carriers, represented by the organizations signatory hereto by their respective duly authorized executives, as party of the second part, and, so far as necessary to carry out the provisions hereof is also to be construed as a separate

agreement by and between and in behalf of each of said carriers and its employees who are now or may hereafter be represented by any of said organizations which now has (or may hereafter have during the life of this agreement) an agreement with such carrier concerning rates of pay, rules or working conditions.

The signatories hereto, having been respectively duly authorized as aforesaid to negotiate to a conclusion certain pending issues concerning the treatment of employees who may be affected by co-ordination as hereinafter defined, hereby agree:

Section 1. That the fundamental scope and purpose of this agreement is to provide for allowances to defined employees affected by co-ordination as hereinafter defined, and it is the intent that the provisions of this agreement are to be restricted to those changes in employment in the railroad industry solely due to and resulting from such co-ordination. Therefore, the parties hereto understand and agree that fluctuations, rises and falls and changes in volume or character of employment brought about solely by other causes are not within the contemplation of the parties hereto, or covered by or intended to be covered by this agreement.

Section 2 (a). The term "co-ordination" as used herein means joint action by two or more carriers whereby they unify, consolidate, merge or pool in whole or in part their separate railroad facilities or any of the operations or services previously performed by them through such separate facilities.

(b) The term "carrier" as used herein when it refers to other than parties to this agreement means any carrier subject to the provisions of Part I of the Interstate Commerce Act; when it refers to a party to this agreement it means any company or system listed and described in appendices A, B or C as a single carrier party to this agreement.

(c) The term "time of co-ordination" as used herein includes the period following the effective date of a co-ordination during which changes consequent upon co-ordination are being made effective; as applying to a particular employee it means the date in said period when that employee is first adversely affected as a result of said co-ordination.

Section 3 (a). The provisions of this agreement shall be effective and shall be applied whenever two or more carriers parties hereto undertake a co-ordination; and it is understood that if a carrier or carriers parties hereto undertake a co-ordination with a carrier or carriers not parties hereto, such co-ordination will be made only upon the basis of an agreement approved by all of the carriers parties thereto and all of the organizations of employees involved (parties hereto) of all of the carriers concerned. No co-ordination involving classes of employees not represented by any of the organizations parties hereto shall be undertaken by the carriers parties hereto except in accord with the provisions of this agreement or agreements arising hereunder.

(b) Each carrier listed and established as a separate carrier for the purposes of this agreement, as provided in Appendices "A," "B" and "C," shall be regarded as a separate carrier for the purposes hereof during the life of this agreement; provided, however, that in the case of any co-ordination involving two or more railroad carriers which also involves the Railway Express Agency, Inc., the latter company shall be treated as a separate carrier with respect to its operations on each of the railroads involved.

(c) It is definitely understood that the action of the parties hereto in listing and establishing as a single carrier any system which comprises more than one operating company is taken solely for the purposes of this agreement and shall not be construed or used by either party hereto to limit or affect the rights of the other with respect to matters not falling within the scope and terms of this agreement.

Section 4. Each carrier contemplating a co-ordination shall give at least ninety (90) days' written notice of such intended co-ordination by posting a notice on bulletin boards convenient to the interested employees of each such carrier and by sending registered mail notice to the representatives of such interested employees. Such notice shall contain a full and adequate statement of the proposed changes to be effected by such co-ordination, including an estimate of the number of employees of each class affected by the intended changes. The date and place of a conference between representatives of all the parties interested in such intended changes for the purpose of reaching agreements with respect to the application thereto of the terms and conditions of this agreement, shall be agreed upon within ten (10) days after the receipt of said notice, and conference shall commence within thirty (30) days from the date of such notice.

Section 5. Each plan of co-ordination which results in the displacement of employees or rearrangement of forces shall provide for the selection of forces from the employees of all the carriers involved on bases accepted as appropriate for application in the particular case; and any assignment of employees made necessary by a co-ordination shall be made on the basis of an agreement between the carriers and the organizations of the employees affected, parties hereto. In the event of failure to agree, the dispute may be submitted by either party for adjustment in accordance with section 13.

Section 6 (a). No employee of any of the carriers involved in a particular co-ordination who is continued in service shall, for a period not exceeding five years following the effective date of such co-ordination, be placed, as a result of such co-ordination, in a worse position with respect to compensation and rules governing working conditions than he occupied at the time of such co-ordination so long as he is unable in the normal exercise of his seniority rights under existing agreements, rules and practices to obtain a position producing compensation equal to or exceeding the compensation of the position held by him at the time of the particular co-ordination, except however, that if he fails to exercise his seniority rights to secure another available position, which does not require a change in residence, to which he is entitled under the working agreement and which carries a rate of pay and compensation exceeding those of the position which he elects to retain, he shall thereafter be treated for the purposes of this section as occupying the position which he elects to decline.

(b) The protection afforded by the foregoing paragraph shall be made effective whenever appropriate through what is hereby designated as a "displacement allowance" which shall be determined in each instance in the manner hereinafter described. Any employee entitled to such an allowance is hereinafter referred to as a "displaced" employee.

(c) Each displacement allowance shall be a monthly allowance determined by computing the total compensation received by the employee and his total time paid for during the last

twelve (12) months in which he performed service immediately preceding the date of his displacement (such twelve months being hereinafter referred to as the "test period") and by dividing separately the total compensation and the total time paid for by twelve, thereby producing the average monthly compensation and average monthly time paid for, which shall be the minimum amounts used to guarantee the displaced employee, and if his compensation in his current position is less in any month in which he performs work than the aforesaid average compensation he shall be paid the difference, less compensation for any time lost on account of voluntary absences to the extent that he is not available for service equivalent to his average monthly time during the test period, but he shall be compensated in addition thereto at the rate of the position filled for any time worked in excess of the average monthly time paid for during the test period.

Section 7 (a). Any employee of any of the carriers participating in a particular co-ordination who is deprived of employment as a result of said co-ordination shall be accorded an allowance (hereinafter termed a co-ordination allowance), based on length of service, which (except in the case of an employee with less than one year of service) shall be a monthly allowance equivalent in each instance to sixty per cent (60%) of the average monthly compensation of the employee in question during the last twelve months of his employment in which he earned compensation prior to the date he is first deprived of employment as a result of the co-ordination. This co-ordination allowance will be made to each eligible employee while unemployed by his home road or in the co-ordinated operation during a period beginning at the date he is first deprived of employment as a result of the co-ordination and extending in each instance for a length of time determined and limited by the following schedule:

Length of Service	Period of Payment
1 year and less than 2 years.	6 months
2 years and less than 3 years.	12 months
3 years and less than 5 years.	18 months
5 years and less than 10 years.	36 months
10 years and less than 15 years.	48 months
15 years and over.	60 months

In the case of an employee with less than one year of service, the total co-ordination allowance shall be a lump sum payment in an amount equivalent to sixty (60) days' pay at the straight time daily rate of the last position held by him at the time he is deprived of employment as a result of the co-ordination.

(b) For the purposes of this agreement the length of service of the employee shall be determined from the date he last acquired an employment status with the employing carrier and he shall be given credit for one month's service for each month in which he performed any service (in any capacity whatsoever) and twelve such months shall be credited as one year's service. The employment status of an employee shall not be interpreted by furlough in instances where the employee has a right to and does return to service when called. In determining length of service of an employee acting as an officer or other official representative of an employee organization he will be given credit for performing service while so engaged on leave of absence from the service of a carrier.

(c) An employee shall be regarded as deprived of his employment and entitled to a co-ordination allowance in the following cases:

1. When the position which he holds on his home road is abolished as result of co-ordination and he is unable to obtain by the exercise of his seniority rights another position on his home road or a position in the co-ordinated operation, or

2. When the position he holds on his home road is not abolished but he loses that position as a result of the exercise of seniority rights by an employee whose position is abolished as a result of said co-ordination, or by other employees, brought about as a proximate consequence of the co-ordination, and if he is unable by the exercise of his seniority rights to secure another position on his home road or a position in the co-ordinated operation.

(d) An employee shall not be regarded as deprived of employment in case of his resignation, death, retirement on pension or on account of age or disability in accordance with the current rules and practices applicable to employees generally, dismissal for justifiable cause in accordance with the rules, or furloughed because of reduction in forces due to seasonal requirements of the service; nor shall any employee be regarded as deprived of employment as the result of a particular co-ordination who is not deprived of his employment within three years from the effective date of said co-ordination.

(e) Each employee receiving a co-ordination allowance shall keep the employer informed of his address and the name and address of any other person by whom he may be regularly employed.

(f) The co-ordination allowance shall be paid to the regularly assigned incumbent of the position abolished. If the position of an employee is abolished while he is absent from service, he will be entitled to the co-ordination allowance when he is available for service. The employee temporarily filling said position at the time it was abolished will be given a co-ordination allowance on the basis of said position until the regular employee is available for service and thereafter shall revert to his previous status and will be given a co-ordination allowance accordingly if any is due.

(g) An employee receiving a co-ordination allowance shall be subject to call to return to service after being notified in accordance with the working agreement, and such employee may be required to return to the service of the employing carrier for other reasonably comparable employment for which he is physically and mentally qualified and which does not require a change in his place of residence, if his return does not infringe upon the employment rights of other employees under the working agreement.

(h) If an employee who is receiving a co-ordination allowance returns to service the co-ordination allowance shall cease while he is so re-employed and the period of time during which he is so re-employed shall be deducted from the total period for which he is entitled to receive a co-ordination allowance. During the time of such re-employment however he shall be entitled to protection in accordance with the provisions of section 6.

(i) If an employee who is receiving a co-ordination allowance obtains railroad employment (other than with his home road or in the co-ordinated operation) his co-ordination allowance shall be reduced to the extent that the sum total of his earnings in such employment and his allowance exceeds the amount upon which his co-ordination allowance is based; provided that this shall not apply to employees with less than one year's service.

(j) A co-ordination allowance shall cease prior to the expiration of its prescribed period in the event of:

1. Failure without good cause to return to service in accordance with working agreement after being notified of position for which he is eligible and as provided in paragraphs (g) and (h).

2. Resignation.

3. Death.

4. Retirement on pension or on account of age or disability in accordance with the current rules and practices applicable to employees generally.

5. Dismissal for justifiable cause.

Section 8. An employee affected by a particular co-ordination shall not be deprived of benefits attaching to his previous employment, such as free transportation, pensions, hospitalization, relief, etc., under the same conditions and so long as such benefits continue to be accorded to other employees on his home road, in active service or on furlough as the case may be, to the extent that such benefits can be so maintained under present authority of law or corporate action or through future authorization which may be obtained.

Section 9. Any employee eligible to receive a co-ordination allowance under section 7 hereof may, at his option at the time of co-ordination, resign and (in lieu of all other benefits and protections provided in this agreement) accept in a lump sum a separation allowance determined in accordance with the following schedule:

Length of service—Separation allowance

1 year and less than 2 years, 3 months' pay,
2 years and less than 3 years, 6 months' pay.

3 years and less than 5 years, 9 months' pay.

5 years and less than 10 years, 12 months' pay.

10 years and less than 15 years, 12 months' pay.

15 years and over, 12 months' pay.

In the case of employees with less than one year's service, five days' pay, at the rate of the position last occupied, for each month in which they performed service will be paid as the lump sum.

(a) Length of service shall be computed as provided in section 7.

(b) One month's pay shall be computed by multiplying by 30 the daily rate of pay received by the employee in the position last occupied prior to time of co-ordination.

Section 10. (a) Any employee who is retained in the service of any carrier involved in a particular co-ordination (or who is later restored to service from the group of employees entitled to receive a co-ordination allowance) who is required to change the point of his employment as result of such co-ordination and is therefore required to move his place of residence, shall be reimbursed for all expenses of moving his household and other personal effects and for the travelling expenses of himself and members of his family, including living expenses for himself and his family and his own actual wage loss during the time necessary for such transfer, and for a reasonable time thereafter, (not to exceed two working days), used in securing a place of residence in his new location. The exact extent of the responsibility of the carrier under this provision and the ways and means of transportation shall be

agreed upon in advance between the carrier responsible and the organization of the employee affected. No claim for expenses under this section shall be allowed unless they are incurred within three years from the date of co-ordination and the claim must be submitted within ninety (90) days after the expenses are incurred.

(b) If any such employee is furloughed within three years after changing his point of employment as a result of co-ordination and elects to move his place of residence back to his original point of employment, the carrier shall assume the expense of moving his household and other personal effects under the conditions imposed in paragraph (a) of this section.

(c) Except to the extent provided in paragraph (b) changes in place of residence subsequent to the initial changes caused by co-ordination and which grow out of the normal exercise of seniority in accordance with working agreement are not comprehended within the provisions of this section.

Section 11. (a) The following provisions shall apply, to the extent they are applicable in each instance, to any employee who is retained in the service of any of the carriers involved in a particular co-ordination (or who is later restored to such service from the group of employees entitled to receive a co-ordination allowance) who is required to change the point of his employment as a result of such co-ordination and is therefore required to move his place of residence;

1. If the employee owns his own home in the locality from which he is required to move, he shall at his option be reimbursed by his employing carrier for any loss suffered in the sale of his home for less than its fair value. In each case the fair value of the home in question shall be determined as of a date sufficiently prior to the co-ordination to be unaffected thereby. The employing carrier shall in each instance be afforded an opportunity to purchase the home at such fair value before it is sold by the employee to any other party.

2. If the employee is under a contract to purchase his home, the employing carrier shall protect him against loss to the extent of the fair value of any equity he may have in the home and in addition shall relieve him from any further obligations under his contract.

3. If the employee holds an unexpired lease of a dwelling occupied by him as his home, the employing carrier shall protect him from all loss and cost in securing the cancellation of his said lease.

(b) Changes in place of residence subsequent to the initial change caused by co-ordination and which grow out of the normal exercise of seniority in accordance with working agreements are not comprehended within the provisions of this section.

(c) No claim for loss shall be paid under the provisions of this section which is not presented within three years after the effective date of the co-ordination.

(d) Should a controversy arise in respect to the value of the home, the loss sustained in its sale, the loss under a contract for purchase, loss and cost in securing termination of lease, or any other question in connection with these matters, it shall be decided through joint conference between the representatives of the employees and the carrier on whose line the controversy arises and in the event they are unable to agree, the dispute may be referred by either party to a board of three competent

real estate appraisers, selected in the following manner: One to be selected by the representatives of the employees and the carrier, respectively; these two shall endeavour by agreement within ten days after their appointment to select the third appraiser, or to select some person authorized to name the third appraiser, and in the event of failure to agree then the Chairman of the Interstate Commerce Commission shall be requested to appoint the third appraiser. A decision of a majority of the appraisers shall be required and said decision shall be final and conclusive. The salary and expenses of the third or neutral appraiser, including the expenses of the appraisal board, shall be borne equally by the parties to the proceedings. All other expenses shall be paid by the party incurring them, including the salary of the appraiser selected by such party.

Section 12. If any carrier shall rearrange or adjust its forces in anticipation of a co-ordination, with the purpose or effect of depriving an employee of benefits to which he should be entitled under this agreement as an employee immediately affected by a co-ordination, this agreement shall apply to such an employee as of the date when he is so affected.

Section 13. In the event that any dispute or controversy arises (except as defined in section 11) in connection with a particular co-ordination, including an interpretation, application or enforcement of any of the provisions of this agreement (or of the agreement entered into between the carriers and the representatives of the employees relating to said co-ordination as contemplated by this agreement) which is not composed by the parties thereto within thirty days after same arises, it may be referred by either party for consideration and determination to a committee which is hereby established, composed in the first instance of the signatories to this agreement. Each party to this agreement may name such persons from time to time as each party desires to serve on such committee as its representatives in substitution for such original members. Should the committee be unable to agree, it shall select a neutral referee and in the event it is unable to agree within ten days upon the selection of said referee, then the members on either side may request the National Mediation Board to appoint a referee. The case shall again be considered by the committee and the referee and the decision of the referee shall be final and conclusive. The salary and expenses of the referee shall be borne equally by the parties to the proceeding; all other expenses shall be paid by the party incurring them.

Section 14. Any carrier not initially a party to this agreement may become a party by serving notice of its desire to do so by mail upon the members of the committee established by section 13 hereof. It shall become a party as of the date of the service of such notice or upon such later date as may be specified therein.

Section 15. This agreement shall be effective June 18, 1936, and be in full force and effect for a period of five years from that date and continue in effect thereafter with the privilege that any carrier or organization party hereto may then withdraw from the agreement after one year from having served notice of its intention so to withdraw; provided, however, that any rights of the parties hereto or of individuals established and fixed during the term of this agreement shall continue in full force and effect, notwithstanding the expiration

of the agreement or the exercise by a carrier or an organization of the right to withdraw therefrom.

This agreement shall be subject to revision by mutual agreement of the parties hereto at any time, but only after the serving of a sixty (60) days' notice by either party upon the other.

Then follow the signatures of the participating carriers and the participating employee organizations.

With that agreement before them, honourable members will be able to follow clearly the statement which I now make.

With reference to the proposed Bill, which has been drafted to provide for the payment of compensation by the employing company to railway employees who are deprived of employment or adversely affected by co-operative measures undertaken by the Canadian National Railway Company and the Canadian Pacific Railway Company pursuant to the provisions of the Canadian National-Canadian Pacific Act, 1933, which draft Bill follows generally the provisions of the agreement of May, 1936, Washington, D.C., made between certain carriers and employee organizations (hereinafter referred to as the "Washington Agreement"), it would appear that the provisions of the proposed Bill differ from the provisions of the Washington Agreement in certain respects, briefly referred to as follows:

(1) The Washington Agreement, which became effective June 18, 1936, continues in force for five years from said date and continues in effect thereafter with the privilege that any carrier or organization party thereto may then withdraw from the agreement on one year's notice, and the Washington Agreement is also subject to revision by mutual agreement at any time on sixty days' notice. The proposed Bill, if enacted by Parliament, may be revised or varied only by Parliament itself. It might also be noted that the Washington Agreement, being a contract, is binding only on the parties thereto, whereas the proposed Bill, if enacted, would be binding on all persons within the jurisdiction of Parliament who are affected thereby.

(2) The Washington Agreement contemplates a voluntary co-ordination undertaken by two or more carriers and involving classes of employees represented by the organizations parties thereto. The proposed Bill provides for co-operative measures, plans or arrangements agreed to by the National Company and the Pacific Company or settled upon or made in consequence of an order of an arbitral tribunal pursuant to the provisions of the Canadian National-Canadian Pacific Act, 1933.

(3) The Washington Agreement (section 4) provides that each carrier contemplating a co-ordination shall give at least ninety days' written notice to the interested employees for the purpose of holding a conference between the interested parties, and reaching an agreement, if possible, with respect to the application of the terms of the agreement. The proposed Bill omits this provision, for the reason that notice of the intended change would delay the effective date of the co-operative measure and would not add to the employee benefits provided for in the proposed Bill, and would in fact hamper the company in dealing with the matter.

(4) The Washington Agreement (section 5) provides that each plan of co-ordination which results in the displacement of employees or rearrangement of forces shall provide for the selection of forces from employees of all the carriers involved, on bases accepted as appropriate for application in the particular case. The proposed Bill omits this provision, as the National Company and the Pacific Company are directed by section 16 (1) of the Canadian National-Canadian Pacific Act, 1933, to endeavour to provide by negotiation with the representatives of the employees affected for a fair and reasonable apportionment as between the employees of National Railways and Pacific Railway, respectively, of such employment as may be incidental to the operation of the co-operative measure.

(5) The Washington Agreement and the proposed Bill contain similar provisions relating to compensation to any employee who is continued in service, and who is displaced (demoted) as a result of a co-operative measure, by giving such employee a guaranteed monthly income for five years equal to the average monthly income received by him during the last twelve months of his employment prior to the co-operative measure, and in addition such employee is entitled to receive compensation for time worked in excess of his average monthly time during said twelve-month period. The proposed Bill contains a provision not found in the Washington Agreement to the effect that at the end of each year there shall be made a recapitulation of the total compensation received by employees in receipt of displacement allowances, and the necessary adjustment shall be made so that no employee entitled to receive a displacement allowance shall by reason thereof be entitled to receive compensation in respect to his employment during any such year greater than the total compensation paid to him during the said twelve-month period.

(6) The Washington Agreement and the proposed Bill contain similar provisions respecting compensation payable to employees who are deprived of their employment as a result of a co-operative measure, except that the Washington Agreement provides for the payment of compensation in the case of an employee with less than one year of service to his credit and the proposed Bill omits this provision.

(7) The Washington Agreement and the proposed Bill contain similar provisions respecting the payment of compensation to employees who are continued in service and who are required to change their place of residence as a result of a co-operative measure, but the details of settling the value of the home, the loss sustained in its sale, the loss under a contract of purchase, loss and cost in securing termination of lease are determined under the Washington Agreement by joint conference between the representatives of the employees and the carrier, and, in case of dispute, by a board of three competent real estate appraisers. Under the provisions of the proposed Bill, if a dispute arises with respect to these matters, it is referred to the permanent committee of adjustment formed by representatives of National Railways and Pacific Railway and representatives of the interested employees, and in the event that the said committee is unable to settle the dispute either party may apply to the judge of the county court of the county in which the home is situate, or, where there is no county court, to a judge of the superior court for the district or place in which the home is situate, to determine the compensation to be paid.

(8) The Washington Agreement provides that in the event of any dispute or controversy arising (except a dispute relating to compensation for the sale of a home, etc.) in connection with a particular co-ordination, including the interpretation, application or enforcement of any of the provisions of the agreement, it may be referred by either party for consideration and determination to a committee established under the said agreement and composed in the first instance of the signatories to the said agreement. In the event that the committee is unable to agree, a neutral referee shall be selected or appointed by the National Mediation Board, and the decision of the referee shall be final and conclusive. The proposed Bill provides for a permanent committee of adjustment to be composed of representatives of the National Company and Pacific Company and the representatives of the interested employees (as defined in the Bill), which committee of adjustment shall meet from time to time to

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deal with disputes or differences which arise in connection with any particular measure, plan or arrangement, including the interpretation, application and enforcement of any of the provisions of the schedule to the Bill. In the event that any dispute or difference (except a dispute relating to compensation for the sale of a home, etc.) is not settled by the committee of adjustment within thirty days, such dispute or difference shall be referred to a board of three arbitrators to be named, one by the representatives of the interested employees and one by the representatives of the National Company and the Pacific Company and the third by the two so named, or by the Minister of Labour in case the two arbitrators fail to agree, and the award of the board of arbitrators is final and conclusive and not open to question or review in any court.

(9) The proposed Bill limits the application of the provisions thereof to employees who are in the service of National Railways or Pacific Railway for compensation at the date of the coming into force of the schedule to the Bill, including employees who have been in service for compensation at any time during the period of twelve months immediately preceding the date of the coming into force of the said schedule. The Washington Agreement apparently contemplates the extension of its benefits to employees who are or become employees during the currency of the agreement.

(10) In other respects the provisions of the proposed Bill are similar to the provisions of the Washington Agreement, with the necessary changes in form and detail of the provisions of the draft Bill made in accordance with the intent of the proposed legislation and as required by the circumstances of the case.

With these remarks I move, seconded by Right Hon. Mr. Graham, second reading of the Bill.

Hon. Mr. GRIESBACH: Does the honourable leader opposite know how the railways of the United States were brought under the jurisdiction of Congress in respect of this particular type of legislation? Has Congress power to enact that the railways shall pay, or is such power vested in the Interstate Commerce Commission?

Hon. Mr. DANDURAND: On the spur of the moment I cannot answer my honourable friend. At the next stage of the Bill I will do so. The Washington Agreement is based solely on an agreement between the carriers and the employees. That constitutes the contract between them.

Hon. Mr. GRIESBACH: If the Canadian National Railways had not been a government-owned railway, and we had not previously legislated with respect to co-operation, would this Parliament have had the power, allegedly, to require the Canadian Pacific Railway to pay its employees gratuities of this sort?

Hon. Mr. DANDURAND: I think the Canadian National-Canadian Pacific Act provides for similar legislation in the case of employees; and it may be that the Railway Act—which I have not before me, but shall look at—provides for special treatment to be accorded to railway employees who are displaced through some joint agreement and who must transfer their homes to another railway section or another part of the country. I think the principle contained in this Bill is on all fours with the principle to be found in the Act of 1933, which, I have a vague impression, is based on the Railway Act. I shall look at that Act and answer my honourable friend.

Hon. Mr. GRIESBACH: Is the Bill designed to be retroactive?

Hon. Mr. DANDURAND: No.

Hon. Mr. GRIESBACH: From what day will it take effect?

Hon. Mr. DANDURAND: It is simply for future action, after the sanction of the Bill.

Hon. Mr. GRIESBACH: Then probably there is no information as to how many employees will be displaced, and what is going to be the cost to the railway company. In the case of the Canadian Pacific Railway it is probably the railway that pays; in the case of the Canadian National it is the taxpayer.

I was wondering whether any thought had been given to the possibility of reducing the retirement age of railway employees. I think it is now sixty-five. If it were reduced by five years, or even by ten years, the older men would go off with a pension—I do not think there is a contributory pension in either case—and the younger men would continue in their employment. I am beginning to come slowly to the conclusion that we should give some attention to the younger men who are bringing up families. The other day I met a man with fifteen years' service who had been laid off. He has a wife and a young family, and in discussing the matter with me was very bitter on the ground that in all this legislation the senior men are protected and preferred. It occurred to me that the railway might consider reducing the retirement age so that employees with thirty years' service might go on pension at age sixty, or even before, and vacancies might be created at the top for

the benefit of the younger men who are raising families and perhaps are now entitled to more consideration than the older men. Furthermore, I may say from the political point of view that, as I am informed, a very large number of young men are going off, and that their votes are more valuable than those of the older employees. I suggest that for the politicians. We used to be confronted by a solid body of railway men. To-day there is a rift, and with respect to voting power these young men become very important.

Hon. Mr. DANDURAND: I am somewhat scandalized at the allusion my honourable friend makes to the voting power of a certain class of employees.

Hon. Mr. GRIESBACH: I had hoped, of course, it would be heard in another place rather than here.

Hon. Mr. BALLANTYNE: Why should the railway employees be privileged? When a man or a number of men working in a large industry are laid off—and I know of many who have been laid off in Montreal after twenty years of service—why should they receive less consideration than railway employees?

Hon. Mr. CALDER: May I try to get this question clear? Do we understand that this Washington Agreement is the result of legislation in the United States? It is merely an agreement between the employees and the railway companies.

Hon. Mr. DANDURAND: And the carriers, yes.

Answering my honourable friend from Alma (Hon. Mr. Ballantyne), I may say that this matter has been discussed from all angles, and I have heard it stated before our Railway Committee that men who have been in railway service for a number of years and are then laid off are at a great disadvantage as compared with other workers.

Hon. Mr. BALLANTYNE: Why?

Hon. Mr. DANDURAND: Because in their work they have been following a certain groove year after year. I am not weighing the argument; I am simply stating that I have heard it. It has also been pointed out that former bank clerks looking for employment have found themselves handicapped because for fifteen or twenty years their experience had been restricted to a special kind of work. I mention this as another example. My honourable friend may say that such is the fate of a considerable number of employees. That may be so. I do not intend to discuss that situation very seriously, because

it is perhaps somewhat beyond my own knowledge. I believe it is but a passing phase and does not require special legislation. In the present instance, however, we know what the throwing of men out of employment means in the way of relief.

Right Hon. ARTHUR MEIGHEN: Honourable members, I am anxious only that the House should have some understanding of the step that is now proposed by the Government. This is a most extraordinary measure. There is nobody in this House, or in any other House properly and humanly constituted, but would be pleased if it were possible for the State adequately to compensate all whose mode of life, perhaps whose very sustenance of life, is disturbed, impaired or extinguished because of economic changes. Hardships, numerous, severe and painful not only to the labouring class, but to all classes, are incident to economic movements that pervade and always will pervade the world. One of the incidents of a free community is that men have to stand up to these visitations of fate and cope with them to the best of their ability. It is quite possible under other forms of government, such as Fascism or dictatorship, to take care of this situation by directing people to other occupations, by directing payment by the employers to these people, and generally by telling everybody everywhere what he must do. Under a system of that kind you can, no doubt, take care of these consequential penalties which visit from time to time vast sections of people. But no country that I know of under free government has ever undertaken that task in the history of the world. The Government are not in any fair or general way undertaking that task here. They are only undertaking it in respect of a certain section. In respect of that section they say, "We are ready to do for you by legislation what we have never done for anybody before, and what even the United States of America"—in the case quoted by the leader of the Government—"has not done." What has been done there has been done privately between employer and employee, but here we are proposing to do it by legislation.

I should like members of the Government to consider just where this leads them. I should like them to distinguish if they can between the railway employee and the employee of any other industry. I should like them to distinguish between the working class in that section and the working class in any other section. There was never a measure of economy taken under free government for the purpose of efficiency, for the purpose of doing what has to be done in

Hon. Mr. DANDURAND

enterprise, that did not carry in its train difficulties and punishments upon individuals who had not invited them, and who had done nothing to deserve them. Never was such a step taken without such a reaction.

I turn now to inquire why we are undertaking compensation in one particular sphere. I fancy it is just for the same reason that the railways in the United States were constrained to do so through negotiation with their employees, namely, that this particular branch of labour is highly organized and controls a powerful vote. It controls a powerful vote, influencing the Government, here; it exercises a vast economic power, because of the strike, in the United States. There is the reason. I think the leader of the Government follows me.

Was ever a terminal altered or abandoned where many classes of people did not suffer—where labour did not suffer first, where shopkeepers did not suffer, where lawyers and doctors did not have to give up and go elsewhere, abandoning everything they possessed, or where those who had made investments on the strength of their faith in the future of that terminal did not have to lose all?

Go into any sphere of economy. Take a great industry. A new mechanism is discovered which displaces labour. Under free government, economic forces compel an industry to resort to that mechanism. It may be done reluctantly, but the economic forces compelling it to be done are irresistible. Competition compels it. What is the result? Whole sections of labour are displaced and must find some other way to make a living; and when whole sections of labour are displaced, those who depend for their livelihood upon that labour are likewise displaced.

In such instances did any Government ever come along and say, "We will compensate you"? But, if this legislation is passed, will our Government ever again be able to refuse compensation to people in such a position? So far as I know, this is the first time that the principle embodied in this measure has been introduced in a free country. Are the Government prepared to apply that principle to the extent of granting equal rights with respect to it to all classes throughout our broad Dominion? What comes within the compelling power of one sheltered class of occupation will also come within the compelling power of other classes. Are the Government prepared to extend this bounty over the whole field of industry and social activity? If not, they are never going to be able to give a satisfactory answer to other classes. The step taken in this measure leads into territory where pitfalls will abound. I do not know that if the principle of this Bill were

applied to industry in general there would be objection from any quarter except one. There would be objection from the taxpayer. The taxpayer would be annihilated.

What I want to ask the leader of the Government—and, through the leader, the Administration—to reflect upon, is this. While we all should like to do what this Bill provides, and while no doubt governments of other countries would like to do the same thing, there are certain things which you cannot do under free government, because you would not afterwards be able to exercise the dictatorial powers which would in consequence be essential. There are thousands of people in this country, and no doubt elsewhere, who in one breath are hurling anathema at Fascism and at dictators and in the next breath are demanding the very things which cannot be obtained except under Fascism or dictators.

Some Hon. SENATORS: Hear, hear.

Right Hon. Mr. MEIGHEN: I venture to suggest that by this measure the Government are attempting to do in a free community, where dictatorial power cannot be assumed, what, pressed to its logical conclusion or even to a tolerable conclusion, can be done only under conditions which would be anathema to all the people of Canada.

A printed copy of this Bill has not yet been received by many honourable members. It is not on my file, though I am satisfied that I have had the privilege, which has not yet been enjoyed by others, of seeing the Bill. In the circumstances I suggest that for this reason, if for no other, it would be well to adjourn the debate. I earnestly hope that in the meantime the Government will take cognizance of what I have tried to say.

Hon. Mr. DANDURAND: Is the right honourable gentleman moving adjournment of the debate?

Right Hon. Mr. MEIGHEN: I will move it unless the honourable gentleman himself wishes to move it.

Hon. Mr. DANDURAND: I want to be the last one to speak on the motion, and so I should not like to move the adjournment.

Hon. Mr. KING: I move adjournment of the debate.

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

DIVORCE BILLS

SECOND READINGS

On motion of Hon. Mr. Robinson, Chairman of the Committee on Divorce, the following Bills were severally read the second time:

Bill J2, an Act for the relief of Blanche Anna Bousquet Pépin.

Bill K2, an Act for the relief of Agnes Keating Bigelow Reddy.

Bill L2, an Act for the relief of Ethel Rothpan Staroselsky.

Bill M2, an Act for the relief of Myrtle Jane Ramsay Fox.

Bill N2, an Act for the relief of Joseph Maurice Durieux.

CANADA'S RAILWAY PROBLEM

MEETING OF COMMITTEE

On the motion to adjourn:

Hon. Mr. DANDURAND: Honourable senators, I would remind members of the Special Railway Committee that it will resume its work as soon as the House rises.

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

THE SENATE

Wednesday, April 26, 1939.

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

Prayers and routine proceedings.

CHEESE AND CHEESE FACTORY IMPROVEMENT BILL

FIRST READING

Bill 88, an Act to Encourage the Improvement of Cheese and Cheese Factories.—Hon. Mr. Dandurand.

TORONTO HARBOUR COMMISSIONERS BILL

FIRST READING

Bill 95, an Act respecting The Toronto Harbour Commissioners.—Hon. Mr. Dandurand.

SEALS BILL

THIRD READING

Hon. RAOUL DANDURAND moved the third reading of Bill 76, an Act to make provision for the Sealing of Royal Instruments.

He said: Honourable senators, I promised my right honourable friend opposite (Right Hon. Mr. Meighen) to try to obtain further information which would elucidate what is to be effected under this Bill.

The primary object of the Bill is to enable the King's Canadian business to be done during his absence from England and presence in Canada. While the King is in Canada, the royal functions in respect of United Kingdom business will be performed by Councillors of State acting under the Regency Act, 1937. They have no legal authority to perform any royal functions in respect of Canadian business. The Great Seal of the Realm and the Signets will be kept in England and there will be no convenient and expeditious way in which the King can conduct Canadian business that requires the issuing of a royal instrument passing under the Great Seal or Signet.

The same problem will arise if the King leaves England to visit any other country. The recent visit to Paris was too short to require the improvisation of any special arrangement, but it might well become necessary because of a visit to India, Australia or South Africa. Accordingly, the Bill makes no reference to the royal visit, and it is designed to make adequate provision for other comparable contingencies, such as occasions when the royal functions are being performed in the United Kingdom by Councillors of State.

The Bill is drafted upon the assumption that it is undesirable to prevent the continuation of existing methods whereby the King performs the royal functions in Canadian matters. Existing channels of communication are left undisturbed. This is accomplished by making the operation section of the Bill, section 3, enabling and, in form, permissive. Legal validity is given to any royal instrument issued by the King and passed under the Great Seal of Canada or under any other royal seal approved by the King for that purpose.

Two points may require special consideration. The first is the lack of any limitation of the statutory provision to special occasions such as the King's absence from England. Under the existing law, with one possible exception, the authority to approve and to establish a royal seal is a part of the royal prerogative. Without legislation the use of a new royal seal, and of the Great Seal of Canada, or of either, could be authorized by an Order in Council approved by the King. The possible exception includes full powers and instruments of ratification, but does not extend to any other royal instruments. It would not, therefore, have been possible to limit the power given by section 3 of the Bill to special occasions without creating a statutory curtailment of an authority which is now recognized as being within the royal prerogative.

Hon. Mr. DANDURAND.

The second point requiring consideration is the making of permanent provision for Canadian royal seals for use in Canadian matters. Under the existing law, subject to the possible exception already referred to, the King can authorize a new royal seal for use in Canadian business. He would, in such a matter, act upon the advice of his Canadian Ministers. The purpose of making specific reference to "other royal seals" in section 3, and of the detailed provisions of section 4, is to place the existing position upon a statutory basis; to eliminate the doubt as to the position of full powers and instruments of ratification, and to make provision for the formulation of clear and simple rules with regard to the conduct of Canadian business requiring the issuing and sealing of royal instruments, and for publication of the rules thus formulated. The method adopted, namely, by Order in Council approved by His Majesty the King, and based upon an Act of the Parliament of Canada, appears to conform with the existing constitutional position.

I do not know whether my right honourable friend has followed this.

Right Hon. Mr. MEIGHEN: Yes, I think I have followed it.

Hon. Mr. DANDURAND: Is it agreeable to have the third reading now?

Right Hon. Mr. MEIGHEN: Yes.

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

DIVORCE BILLS

THIRD READINGS

On motion of Hon. Mr. Robinson, Chairman of the Committee on Divorce, the following Bills were severally read the third time, and passed, on division:

Bill J2, an Act for the relief of Blanche Anna Bousquet Pépin.

Bill K2, an Act for the relief of Agnes Keating Bigelow Reddy.

Bill L2, an Act for the relief of Ethel Rothpan Staroselsky.

Bill M2, an Act for the relief of Myrtle Jane Ramsay Fox.

Bill N2, an Act for the relief of Joseph Maurice Durieux.

FIRST READINGS

Hon. Mr. ROBINSON, Chairman of the Committee on Divorce, presented the following Bills, which were severally read the first time:

Bill P2, an Act for the relief of Dorothy Gertrude Mary Huggins Yaun.

Bill Q2, an Act for the relief of Lola Margaret Miller Atkinson.

Bill R2, an Act for the relief of Zeno Bruck.

Bill S2, an Act for the relief of Esther Steinberg Soloway.

Bill T2, an Act for the relief of Sarah Sherry Miller.

FARMERS' CREDITORS ARRANGEMENT BILL

POINT OF ORDER

On the Order:

Second reading of Bill O2, an Act to amend the Farmers' Creditors Arrangement Act, 1934.—Hon. Mr. Hughes.

The Hon. the SPEAKER: On the first reading a question arose as to whether the Bill was in order. I have considered the point of order and am of opinion that, while this measure purports to amend the same Act as Bill 86 was intended to amend, it deals with a different matter and can properly be considered by the Senate. It will therefore be in order for the honourable member from King's (Hon. Mr. Hughes) to move second reading.

MOTION FOR SECOND READING

Hon. J. J. HUGHES moved the second reading of the Bill.

He said: It will be remembered that last session the Farmers' Creditors Arrangement Act was amended so that in some of the provinces it would terminate on December 31, 1938. Owing, however, to what I think must have been an oversight, it did not really terminate in any province on the 31st of December last, for it still applies to some persons in every province, namely the returned men settled on farms who might wish to ask for consideration under the terms of the Act. This, I think, is unfortunate. I do not believe that Parliament really wished to bring about this state of affairs. The whole machinery or most of the machinery of the Act would still be kept in existence, at, I presume, considerable expense, for the benefit of a few persons, even though they might not want to take advantage of it.

In any event, the Act as it now stands would appear to me to be very objectionable class legislation. If the Government and the people of this country are of opinion that the soldiers should receive some further assistance or that there should be further legislation for their benefit, the matter might very well be considered, but it should not come under this Act, and the expense involved should be borne by the country as a whole. By this Act it is provided that another class of people, the

creditors of the soldiers, shall bear the chief part of the burden. This appears to me to be very wrong. For these reasons, and others that might be mentioned, I think this Bill should pass.

It is intended under this Bill that the termination of the Act in any province shall apply, not merely to some particular class, but to all the people of that province. If the House passes the second reading of the Bill, I intend to move that it be sent to the Committee on Banking and Commerce, for some reasons which I should like to mention. The first is that we should then be able to get some of the officials at Ottawa who administer the Act to come before the committee and state whether there is any reason in the world why the present law should be continued, or why it should not be amended. But to my mind there is a more important consideration. We have been in the habit of getting a report each year from those in Ottawa who administer the Farmers' Creditors Arrangement Act. Last year we received a complete report, but so far this year we have had only partial information. According to the report of last year the expenditure in some of the provinces, notably Prince Edward Island, appeared to be out of all reason, and there seemed to be something wrong somewhere. An answer given to one of the members of this House shows that during nine months of last year the expenditure under the official receivers was two or three times as great as it had been for the whole twelve months of the preceding year. We thought—at all events I thought—that in the year before last we had reached the peak of expenditure under what appeared to me to be raids on the public treasury. But we had not. During the nine months of last year for which we have received information, that expenditure was greatly exceeded. If this is any criterion, the expenditure under all the other heads will be something enormous. I should like to have some of the officials who administer the Act at Ottawa come before the committee and explain these things.

I move that this Bill be read a second time.

Hon. L. McMEANS: I should like to say to the honourable member that I am quite in sympathy with his efforts, but I think he has gone the wrong way about this matter. If I understand the Bill, the returned soldier is the one person left who can ask for relief under the Farmers' Creditors Arrangement Act. But the Government is the only creditor of the soldier who bought a farm under the Soldier Settlement Act.

Hon. Mr. DONNELLY: What about the other creditors?

Hon. Mr. McMEANS: What others?

Hon. Mr. DONNELLY: Mortgagees.

Hon. Mr. McMEANS: If the mortgage is to be reduced, it must be reduced as against the Government claim, and, if I am correct in my view, no official can reduce a claim held by the Government.

If the honourable gentleman will amend his Bill so that the Act will be entirely abolished, he will have my warmest support. I shall vote for the second reading of this Bill anyway, but I do not see how under the Farmers' Creditors Arrangement Act the returned soldier can get any relief as against the Government. Would the honourable gentleman just reconsider that? I want to assure him that I am entirely in sympathy with his idea, but I would suggest that he amend his Bill to provide for the repeal of the Act. The Act does not apply to any part of the country but Alberta and Saskatchewan, except up to a certain date, and the best thing, it seems to me, is to repeal it.

Right Hon. ARTHUR MEIGHEN: Honourable members, I am disposed to support the Bill because of my opposition in toto to the Farmers' Creditors Arrangement Act after witnessing its operations for many years. I have looked into the Bill, and I think it proceeds in the right way. I cannot recall at the moment just what reasons were given by the present Minister for wanting soldiers to remain under the Act. The proviso was inserted at the time of the conference between the two Houses. I should conceive this to be the reason. The Government is the mortgage creditor of the returned soldier. There may of course be other creditors—storekeepers, doctors and the like—and there likely are in every case, or nearly every case. It may be that the Government feels that instead of having a composition of debts with a returned soldier of whom it is the creditor, it should have the matter handled under quasi-judicial auspices. In fact, I do not think it can be dealt with directly; I do not think there is any law to permit it.

The Government already has made concession after concession. There would not seem to be any cases where the soldier who should stay on the land cannot stay there under the present legislation, and I should think that, as was argued by the honourable senator from King's (Hon. Mr. Hughes), it would not be worth while to maintain indefinitely in every province of Canada the whole organization of the Farmers' Creditors Arrangement Act, with all the expense incident thereto, for the purpose of enabling the Government to deal with a few returned soldiers.

Hon. Mr. DONNELLY.

Hon. Mr. CALDER: Their cases have already been dealt with.

Right Hon. Mr. MEIGHEN: Yes, dealt with repeatedly and generously. Therefore I support the measure.

Hon. CREELMAN MacARTHUR: Honourable senators, many features of the Farmers' Creditors Arrangement Act have been dealt with, and there have been many technicalities, much circumvention, and a great deal of talk about votes and everything else in connection with it. A few days ago, on the motion for second reading of the bill concerning Manitoba, we were precluded from getting that measure into committee, although we thought the whole House, with the exception perhaps of the honourable leader on this side, was in favour of having it go there. Now a different course is being taken. I am seconding the motion by my honourable colleague (Hon. Mr. Hughes). Many questions will come up in committee, and information will be secured that will be beneficial to the Western Provinces when this matter arises in the future. A few of us from Prince Edward Island can show, I think, that there has been a great deal of maladministration under the Act, and we want an opportunity to ask the administrator some questions. We are convinced that the replies which will be forthcoming will be of material benefit to the rest of Canada.

The question has been asked, why returned soldiers should come under the Act. In our province there would be not more than three returned soldiers, perhaps none. Nevertheless, the Farmers' Creditors Arrangement Board is perpetuated, the registrar and all the other officials continue in office, rentals have to be paid, and there is no end to the Act. The other day it was said that the Farmers' Creditors Arrangement Act was dead in Prince Edward Island. I said it was dead, but not buried. It is carried on just because of the odd case of a soldier settler coming up. That sort of thing should be prevented in all the provinces. In any event, I think that to get this Bill to committee and ask a few questions of the administrator will be of material advantage not only to Prince Edward Island, but also to the other provinces of the Dominion. There are many other features I could touch upon, but I am satisfied that we are going to carry this motion and have the Bill referred to committee, as we were prevented from doing in the case of the other bill a few days ago.

Right Hon. Mr. MEIGHEN: Be sure to vote for it.

Hon. Mr. MacARTHUR: From the information that will be given in committee you will understand what is the situation in Prince Edward Island, and will be able to make a comparison between that province and Nova Scotia, which has six times our population and only a fraction of our expense under this Act. Honourable members will be able to see just how the Act has been administered in all provinces. So far it has resulted in an expenditure of about \$3,000,000. Judges, who are being paid \$9,000 a year, are neglecting their duties and receiving extra pay of from four to five or six thousand dollars; and there are men on the boards who are being paid annually from four to six thousand and who were never worth \$1,000 a year. This whole thing is being perpetuated. It is expensive, and demoralizing to the farmers, as we shall be able to prove in committee.

Hon. Mr. McMEANS: Why not repeal it?

Hon. Mr. DANDURAND: I am obliged to move adjournment of the debate, in order that I may learn what effect the Bill would have upon other provinces. I have a vague recollection that at the conference of managers for the two Houses, which took place last session, the representatives of British Columbia strongly urged adoption of the proviso that the Act should continue in operation as respects farmers who are soldier settlers within the meaning of the Soldier Settlement Act. This Bill seeks a change in a public Act, and I want to be informed as to whether it would have any effect upon other provinces, in order that I may vote intelligently. I move adjournment of the debate.

The Hon. the SPEAKER: Until to-morrow?

Hon. Mr. DANDURAND: No; I would say Friday.

Right Hon. Mr. MEIGHEN: Honourable members, I only want to urge the honourable leader of the Government to represent this to his colleagues. Though they feel there are adequate reasons for making special provisions with respect to returned soldiers, it is surely not necessary to maintain all the machinery of this Act for that purpose.

Hon. Mr. MacARTHUR: Hear, hear.

Right Hon. Mr. MEIGHEN: It is nothing short of a scandal.

Hon. Mr. DANDURAND: The statements of the honourable gentlemen to my left (Hon. Mr. Hughes and Hon. Mr. MacArthur) surprise me. The figures cited by them would, I suppose, apply to a period prior to the end of last year, when the Act was terminated in most provinces. I can hardly think that the

amounts quoted, for salaries and so forth, are still being paid out. If they were, and if the only means of putting an end to the situation were to vote for this Bill, I should join with my honourable friends and vote for it.

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

DAIRY INDUSTRY BILL

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 84, an Act to amend the Dairy Industry Act.

He said: Honourable senators, this is a very small amendment to the Dairy Industry Act. It reads as follows:

Section fourteen of the Dairy Industry Act, chapter forty-five of the Revised Statutes of Canada, 1927, is amended by adding thereto the following subsection:—

(2) The Minister may appoint or designate persons concerned with the production or marketing of a dairy product or dairy products to act on an Advisory Committee to consider conditions and problems affecting the dairy industry and to advise the Minister and the industry with respect to such conditions and problems. Any person so appointed shall be repaid all actual reasonable travelling or other expenses incurred by him in attending any meeting of the committee authorized by the Minister.

The purpose of this amendment is to enable the Minister to set up an advisory committee, composed of representatives of the dairy industry and the Department of Agriculture, to consider conditions and problems affecting the industry and to advise with respect to them. The Minister has explained elsewhere that dairymen and their associations have suggested there should be more intimate contact between these associations and the department. The department is constantly being faced with interesting problems which require serious attention, and with respect to which the advice of men intimately connected with the industry is necessary. For instance, there is the question of butter and cheese, which has engrossed the minds of all people interested in the welfare of the industry, and I should say that includes all Canadians. That question will be brought directly to our attention to-morrow through a bill which has come over to us from the other House, and we shall then more clearly see the necessity for the closer contact to which I have referred.

This Bill does not seek the appointment of a board. It would simply facilitate the obtaining of advice from a small committee of persons interested in problems arising in the dairy industry.

Hon. Mr. LITTLE: Honourable senators, I should like to ask the honourable leader if it is the intention to send this Bill to committee?

Hon. Mr. DANDURAND: Unless my honourable friend can give a special reason for sending it to committee, I should think it could be dealt with in Committee of the Whole.

Hon. Mr. LITTLE: We already have ten departments of agriculture in Canada, with ten sub-departments on the dairy industry, I presume. I should like to know why we need an eleventh.

Hon. Mr. DANDURAND: My honourable friend is mistaken as to the purport of this Bill. It does not seek to create any other branch in the department. It simply says:

The Minister may appoint or designate persons concerned with the production or marketing of a dairy product or dairy products to act on an Advisory Committee to consider conditions and problems affecting the dairy industry and to advise the Minister and the industry with respect to such conditions and problems.

That is all. It is very simple.

Hon. Mr. LITTLE: And expensive.

Hon. Mr. DANDURAND: So far as I can see, this is an innocuous Bill, from which very much good may arise.

Right Hon. Mr. MEIGHEN: Honourable senators, the leader of the Government properly described the Bill as a small one. It is not only innocuous, inoffensive and undistinguished, but it is almost negligible. Why a bill was necessary to enable a Minister to pay expenses of two or three persons to come here to advise him passes my comprehension. If he needed to bring them here and the money was not otherwise provided by Parliament, all he had to do was to include it in the estimates.

Hon. Mr. CALDER: Or take it out of contingency.

Right Hon. Mr. MEIGHEN: Yes. The Minister must have a passion for bills. There is no need whatever for cluttering up the statutes with a little twopenny-halfpenny measure like this.

Hon. Mr. DANDURAND: Perhaps my right honourable friend is right in saying that the Minister could, without this Bill, call representatives of the dairy industry to Ottawa for advice. I am quite sure that many important problems arise in connection with that industry, but I have not before me any information as to why the Minister has brought down the Bill.

Hon. Mr. DANDURAND.

Right Hon. Mr. MEIGHEN: He will never have any good reason for it.

Hon. Mr. DANDURAND: I suggest that we take the second reading now and put the Bill down for third reading to-morrow.

Right Hon. Mr. MEIGHEN: Put it right through now. It does not matter the turn of a hair.

Hon. DUNCAN McL. MARSHALL: Honourable senators, I should like to point out that this Bill provides for nothing more than the addition of a short clause to the Dairy Industry Act. Although the clause is a simple one, it is of great importance. Probably the persons whom the Minister wants to bring under this amendment will be mainly manufacturers of and dealers in butter. The three large members of this group that come to my mind are the Burns Company of Calgary, the Swift Canadian Company and Canada Packers. There are others in Montreal.

Hon. Mr. DANDURAND: Not only butter, but cheese.

Hon. Mr. MARSHALL: No, there is no difficulty about cheese. Cheese goes direct to the market. It may be kept in Montreal for a short time; but we never accumulate any large quantity in storage. Small quantities of cheese are put up to be cured and aged for maybe a year, in order that it may become a somewhat superior article, or one preferred by people who like plenty of flavour, so to speak; but the great bulk of Canadian cheese, once it is cured for ten or a dozen days, is shipped directly to Montreal and thence to the market.

The situation with respect to butter is different. The bulk of the butter is made in the latter half of May, the month of June and the first part of July, and the maintenance of the supply then depends upon how dry the weather becomes. The concerns I have mentioned manufacture butter themselves, and they also buy from small creameries. The small creamery man cannot afford to carry his butter in storage, but must keep on selling, and so there generally are a few million pounds stored in the city of Toronto.

Arrangements were made last year whereby a large quantity of butter was exported, with the result that the price rose; and when spring came and the cows went on the grass, butter fat brought a higher price to the farmers than it had brought for several years. This year it is the other way around. Large quantities of butter have been stored; so the price of butter fat is not very good at the present time, and it may fall still lower when

the cattle get on the grass. I am quite sure that what the Minister means to do under this amendment is to seek advice from manufacturers and shippers of butter and from creamery men. He would not want to call in all those people; so he would ask that they name representatives. The creamery men would no doubt select from among themselves an outstanding man, one who makes butter on a small scale and sells it to the companies. The Minister might also ask that there be a representative from the National Dairy Council, which I believe suggested this amendment. The advice sought would be as to the best means of clearing all the butter out of warehouses and shipping it to the Old Country fairly early in the season, so as not to leave enough on hand here to depress the market in the following spring when butter is being made. The man who sells cream must make his money in May, June and July. With the present low price of butter fat he cannot afford to milk his cows all winter. He must feed them on grass. It is too expensive to buy feed for his cows in the winter time.

In the provincial legislatures each session a statutory amendment bill is passed to take care of amendments to various statutes—a bill which is both a curse and a blessing—and it would cover amendments of this kind.

The purpose of this short amendment is merely to give the Minister of Agriculture authority to appoint or designate persons to act on an advisory committee. No doubt he will consult the leading men in the industry and ask them, "Whom are you going to recommend to represent you?" The man who owns the butter is primarily concerned in seeing that the different interests get together in order to devise ways and means of quietly lifting a couple of million pounds of butter out of storage and so relieving the situation in the spring.

Very little expense will be involved, because most of the men who serve on the advisory committee will not worry much about travelling expenses.

The advice of this committee will be valuable, for it will come from representative men among the butter makers and sellers. The farmer has nothing to do with the disposition of the surplus butter. He simply sells cream to the creamery and gets paid every two weeks. But the amount he is paid is tremendously important to him, and if there is a large surplus of butter in the warehouses when the grass comes, in the spring, it depresses the price paid to the farmer.

Hon. R. B. HORNER: I would suggest to the honourable member who has just resumed his seat (Hon. Mr. Marshall) that the Minister of Agriculture would do just as much to improve the price of butter if he called into consultation some of the men who to-day are importing vegetable oils. There is a considerable quantity coming in and displacing our butter. It would be equally important to see that wheat was not shipped in to deprive farmers in his district of a market for their grain. We hear various reports about surplus butter. The other day I asked a large creamery and storage operator: "Who takes the figures from you? Do you think the Government know how much butter you are carrying in storage?" He answered, "They know nothing whatever so far as I am concerned."

Whose interest is being served by announcing there is this surplus butter in storage? I do not know whether there is any surplus. I am certain the Minister would do more for the dairy industry of this country if he would call in some of the tariff tinkers who have lowered the tariff on vegetable oils, and restore the tariff, and so secure to the farmer a better price for his butter.

Hon. J. A. CALDER: I think someone has figured out that the cost while the Senate is sitting is about \$100 a minute. We have now spent fifteen minutes on this Bill—\$1,500; and probably a similar expense was incurred in another House.

Suppose we did not pass this Bill, what would happen? Will the honourable gentleman who has supported the Bill (Hon. Mr. Marshall) say that the Minister would not have power to call in for advice the persons referred to? Not at all. We have had a very interesting discussion about the butter situation, but that is not the point. The point is, what is the real necessity for this Bill? I will wager that the Minister has in the estimates all the money required to carry out his wishes, and that no legislation at all is necessary.

Hon. Mr. MARSHALL: But the Minister has nothing to do with exporting the butter. The exporting is done by the people who own it.

Right Hon. ARTHUR MEIGHEN: No one has any objection to the Minister getting advice; in fact, the more he gets, the better I am suited. It is the wisest thing for him to do. But to put a Bill through Parliament for the purpose is really ludicrous. He might as well seek legislation to enable him to wear a green hat. The honourable senator from Peel (Hon. Mr. Marshall) says that a certain bill is both a curse and a blessing. This

is neither; it is just waste paper. The Minister has to have his estimate, anyway, and the estimate will show how the money is to be used. This Bill cannot have any purpose at all except to advertise the Minister. It is just playing with Parliament to introduce it.

Hon. Mr. DANDURAND: I accept the suggestion of my right honourable friend that we do not use too much time on second and third readings. I move the second reading of the Bill.

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

THIRD READING

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

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

Hon. Mr. DANDURAND: Honourable senators, I must apologize to my friend from Peel (Hon. Mr. Marshall) for having piloted this Bill which has just been given third reading, in view of the fact that I had asked him to take charge of all bills coming from the Department of Agriculture. I have been so much in the habit of receiving all bills from the various departments that I allowed my name to appear as the sponsor of this measure.

Right Hon. Mr. MEIGHEN: You did not rob him of much.

Hon. Mr. DANDURAND: I am aware now that my honourable friend knows very much more about these matters than I do, and I thank him for the service he has rendered me in this case. With his permission, the Bill which has been put down for second reading to-morrow will be in his name.

CHIEF JUSTICE OF CANADA BILL

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 91, an Act respecting the Chief Justice of Canada.

He said: Honourable senators, it will be remembered that some years ago legislation was enacted fixing the retirement age for justices of the Supreme Court and of the Exchequer Court at seventy-five years. The purpose of this Bill is to extend the term of office of the present Chief Justice of Canada for a period not exceeding three years from the 7th day of January, 1940, the date upon which he reaches the age limit, and also to provide an annuity upon his retirement from office notwithstanding the fact that his term of office has been extended.

Right Hon. Mr. MEIGHEN.

I may say that this eloquent testimony was rendered by the Minister of Justice to Chief Justice Duff:

The present Chief Justice of Canada is a great jurist, one of the finest legal minds in the British Commonwealth. He has made a reputation not only in Canada, but even when he sits as a member of His Majesty's Privy Council. Apart from that, he is an eminent gentleman enjoying the confidence of Canadians throughout the land.

Under the law as it is, the Chief Justice would have to retire in January next, because he will then have reached the age of seventy-five. It was a relief to me, I must say, when I asked him on behalf of the Government to give his services for a longer period, that he undertook to do so, and I am grateful to him. I am therefore expressing not only my thanks, but those of the country to the Chief Justice, who has felt it his duty to accept an extension of his term. As a rule, the law that compels retirement at seventy-five is a good one, but this is an exceptional case, and we are in exceptional circumstances so far as the Supreme Court of Canada is concerned.

Right Hon. ARTHUR MEIGHEN: Honourable members, I am glad of the opportunity of expressing my warm approval of the measure now before the House, and I hope it will not be considered an intrusion if I voice the pleasure it gave me to read the remarks of the Hon. Minister of Justice in the other Chamber in support of the Bill.

It is true, and may be urged in some quarters, that this measure creates a precedent, and that in future cases it may be difficult not to apply a similar policy to another incumbent of the office of Chief Justice. That contingency will have to take care of itself. I should be very doubtful if any real difficulty would ever arise. Even if it should, the importance of continuing the present Chief Justice in his high office seems to me so great that it well warrants whatever shadow of risk there may be along that line.

There is no question that Chief Justice Duff is one of the great jurists of our time. A perusal of his many judgments cannot but impress the layman, and still more the lawyer, with the high quality of his mind, the vast scope of his legal lore, the thoroughly judicial temperament that always pervades his every action, and, still better, the stature which he has attained in the Anglo-Saxon world of law. It would seem to me a calamity if, just because he has reached a certain age, Chief Justice Duff should cease to give of his services to the country.

Not only has he this rank in the judiciary and among followers of the law everywhere, but as well he is a great citizen. He has performed notable service to our country in other fields, and in one special field where he did a giant's task it was done with such acceptability, such thoroughness, and such use-

fulness, that it deserves the gratitude of Canadians.

I compliment the Government on a very wise measure, and I sincerely hope it will receive the unanimous approval of this House.

Hon. Sir ALLEN AYLESWORTH: Honourable senators, I have no intention of opposing this particular Bill. In fact, so far as I am concerned, in this individual case, it has my entire approval, but on this occasion I cannot refrain from saying a word about the fact that we have such a Bill presented to us.

It is only a few years ago that this Chamber, on motion for second reading, rejected a bill to make it impossible for any judge to remain on the Bench after he had reached the age of seventy-five years. I opposed that measure as strongly as I could, because I thought that the principle was entirely wrong and that no effort should be made to standardize the age at which judges must retire. For my part at any rate, I should be much better pleased if, instead of the present measure, the Government had decided to present us with a bill to repeal the whole legislation.

As to this particular Bill, I would point out what to me seems the terrible danger that we shall introduce into our legislation by passing it. No matter how much we may say, "This is not to be a precedent, this is an exceptional case," what else can be the result but continual discrimination between judges who have reached the age of seventy-five years? What else can be the result but leaving it to the opinion of the Government of the day whether or not, in the future, a particular judge shall have a measure of this sort introduced for his benefit? To one judge who has reached the age of seventy-five the Government say, "You must go." To another, who perhaps is a favourite with the Minister or his colleagues, they may say, "We will give you an extension of a year or two." That may be repeated ad libitum. It seems to me to be a most dangerous encroachment upon that highly important principle, independence of the Bench.

An Hon. SENATOR: Hear, hear.

Hon. Sir ALLEN AYLESWORTH: To me it means that, for the future, members of the Bench who reach the age of seventy-five years will simply retain their positions at the will of the Government of the day.

Hon. G. LYNCH-STAUNTON: Honourable members, I have no objection to this Bill. I quite agree with everything that the right honourable leader (Right Hon. Mr. Meighen) has said regarding Chief Justice Duff.

But I agree also with the remarks of the honourable senator from North York (Hon. Sir Allen Aylesworth). I think it is of vast importance that our judges should not in any way be under the influence of the Government. We are the only country in the world with a court of final resort that is in no way under the influence of any government. We know from what has occurred lately in the United States that governments are not above influencing, or trying to influence, the courts to carry out their wishes. I say we are the only people who have a court which, to use a common expression, cannot be "got at" by the Government. The Privy Council, the only absolutely independent judicial body in the world, is now threatened with extinction so far as relates to appellate cases from Canada. This Government and politicians who are dissatisfied with the Privy Council because it has not decided cases as they thought they should be decided, are seeking now to abolish the right of appeal thereto. I think we could sustain no greater loss than that of the Privy Council, no greater loss than that of an absolutely independent judicial body. I am in favour of this Bill as far as the present Chief Justice is concerned, and I intend to vote for it, but I can see the danger and the vice of this kind of legislation, as pointed out by the honourable senator from North York (Hon. Sir Allen Aylesworth).

Hon. WILLIAM DUFF: Honourable senators, I cannot understand the argument of the honourable senator from Hamilton (Hon. Mr. Lynch-Staunton), who says that he sees great danger in this Bill, but that he is going to vote for it. I presume, speaking from a personal point of view, that if there is anybody in this Chamber who appreciated the kind words of the leader of the opposition with respect to the Chief Justice of Canada, I am the man. I, perhaps, should appreciate them more than anybody else, because the Duffs have always stood together since the time of Adam.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. DUFF: Nevertheless, we have always been able to take care of ourselves—

Some Hon. SENATORS: Hear, hear.

Hon. Mr. DUFF:—and any gentleman who has such a record in this country as the Chief Justice has made in the last twenty, thirty or forty years, has certainly, in my opinion, arrived at the time when he should give way to a younger man.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. DUFF: We hear a great deal about unemployment and about lawyers who are not able to make a living—men who have

perhaps just as bright minds as my friend and namesake. We all agree that he has been a splendid judge and a splendid jurist. Nobody has any doubt about that. When I have sat in this Chamber and have watched him march in here to give the Royal Assent to Bills I have always been proud that his name was Duff.

Yet I cannot understand why in this democratic country there should be any legislation of this kind. This gentleman, with all his good qualities, will retire with honours. Nobody has a word to say against him. He has given great service to this country. He will receive, I presume, a retiring allowance of one hundred per cent. Surely, with all the bright minds there are in the legal profession in Canada, there must be somebody who can take his place. You will remember that Dr. Osler said that everybody should retire at the age of forty.

Hon. Mr. QUINN: At the age of sixty.

Hon. Mr. DUFF: I thought it was forty. At all events, I am willing that the age of retirement should be extended to seventy-five years. But, regardless of the good qualities of the present Chief Justice, against whom I am not saying a word, I can see no reason why any Government should introduce legislation entitling anybody, no matter how good his mind or how good his record, to a preference, even if he is a member of their own party, if you want to put it on that basis. I can mention a dozen men who would be glad to take Chief Justice Duff's place in the Supreme Court. Even my right honourable friend (Right Hon. Mr. Meighen) might be tempted. I cannot take it myself, but I am reminded of a story about the time when the father-in-law of the honourable gentleman from Amherst (Hon. Mr. Rhodes) died. Mr. Pipes was then Attorney-General of Nova Scotia. Colin McIsaac and Mr. Leblanc, who were members of the Executive Council of Nova Scotia, were called to Halifax by the then Premier, Honourable George Murray. They met in the train. They were both anxious as to who was going to be appointed to the position of Attorney-General by Mr. Murray. Mr. Leblanc said, "Well, Colin, what do you think about it?" Mr. McIsaac replied: "I don't know. What do you think?" "Well," said Mr. Leblanc, "the lawyers have had this thing long enough; it is time a layman had it."

Some Hon. SENATORS: Oh, oh.

Hon. Mr. DUFF: We cannot have a layman as Chief Justice of Canada, but there are plenty of men to fill the position, and I say this legislation is not necessary. Chief

Hon. Mr. DUFF.

Justice Duff has served his time and has given value to the country, but I say that there are hundreds of men of integrity and ability who could be appointed, or that one of the present members of the Court could be elevated to the position of Chief Justice. Therefore I am opposed to the legislation.

Hon. Mr. DANDURAND: Honourable senators, I brought into this Chamber the legislation it is now proposed to amend. We fixed the age limit of judges at seventy-five years. We did so because the Supreme Court had important business before it and there was need to form a quorum. Sickness prevailed among members of the Bench, and one member who was past eighty years of age had refused for a year to attend the Court. Under those circumstances the Minister of Justice thought it necessary to impose an age limit. He proposed that it should be seventy-five years—or perhaps eighty years. I do not remember which. The matter was discussed at the time in both branches of Parliament and the age limit was fixed at seventy-five years.

There is much to be said on the question of amending the Act in a special case, but I believe that we are to-day facing a situation which justifies Parliament in making an amendment.

In answer to my honourable friend who has just spoken (Hon. Mr. Duff), I may say that the present Chief Justice is willing to serve without any additional remuneration. He is entitled to retire upon full pension, and is simply continuing to give service to the country because the Government and the Minister of Justice think his services are valuable and should be retained.

Hon. Mr. DUFF: That is the pride of the Duffs. They want to carry on for all time.

Some Hon. SENATORS: Oh, oh.

Hon. J. P. MOLLOY: Honourable senators, I am not a lawyer. I believe at one time it was intended that I should be one, but fate interfered with the wishes of my parents. Perhaps it is a good thing I didn't become one—

Hon. Mr. DUFF: Hear, hear.

Hon. Mr. MOLLOY: —because, if I had, many people I have known in the meantime would be in the penitentiary.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. MOLLOY: Now, I like to be fair. The Bill before the House provides for a man of whom all who have spoken have spoken favourably. Everything they said may be true, but to me it was amusing and some-

what disgusting that the four gentlemen who first spoke in favour of this Bill were all lawyers.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. MOLLOY: And they all agreed that this thing should be done.

I am absolutely opposed to the Bill, and if mine is the only vote to be cast against it I will still cast it. Why do I take that stand? There are many reasons, but there is one which is very close to my heart at this time. It is this. We had from Western Canada in the days gone by, when men were men and not opportunists, a certain man by the name of Frank Oliver, a man who in my humble opinion was the ablest man that ever crossed the Red river on his way to Ottawa and the Parliament of Canada. In saying this I remember that I am standing in the presence of others from Western Canada; and while I want to pay tribute to every other man who came from there, including the right honourable leader of the opposition in this House (Right Hon. Mr. Meighen), I give the palm to Frank Oliver over the Siftons and the Meighens, or the others, whoever they may be, as the fairest, most independent and most loyal man I ever knew.

There came a day when the people in his riding declared, by means fair or foul, that he should no longer represent them. He was a defeated candidate. I made an effort, a real effort and a loyal one, on behalf of my old friend the member for Edmonton, the past Minister of the Interior, and after some time he was appointed to the Railway Commission. Then there came a day—if my memory serves me it was the 19th of September—when he was seventy-five years of age.

Hon. Mr. DUFF: Hear, hear.

Hon. Mr. MOLLOY: On the 19th day of September of that year he ceased to be a member of the Railway Commission. Perhaps I should not tell this—or maybe it is better that I should tell the whole story.

Hon. Mr. DUFF: Sure! Tell it.

Hon. Mr. MOLLOY: There came a time when that great man was living down here in a room on Waverley street, and he did not have very many friends. Somebody told me he was there, and I went down and saw him in a small room, lying in a very small bed which would not hold two persons.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. MOLLOY: That man, after all his services to Canada, a man who at one time represented the whole province of Alberta, was left there to do the best he

could for himself. To use a rather crude expression, he was left there to "root, hog, or die." He said to me, "I haven't got a dollar—I haven't got a cent."

What was he doing? He had bought a little typewriter on credit and was writing articles for certain newspapers in order to get a meal ticket. That shows what Canada was doing for the Hon. Frank Oliver. I said to him, "I will make an effort for you," and I did. I will not say to whom I went, for I was not very well received, but after a while the party to which I belong—and I am not very proud of what they did then—gave him a position whereby he could make a living and do fairly well.

But why should he have been treated in that way—that man who left Winnipeg with a little press about so high, and who, with his wife, travelled behind a team of ponies to Edmonton, Alberta, and later became the sole member for that province? What had he done to be treated in such a way by the Liberal party, which was then in power? And do not forget this. On the day he left the Railway Commission a judge in the province of Quebec who was drawing \$15,000 a year from the Dominion said he was sick—I suppose he had had a bad night—and he retired on \$12,000 a year while the Hon. Frank Oliver was turned out on the roadside.

I will not vote for this kind of stuff, and nobody on earth can make me. I am not opposed to the gentleman in question; I am opposed to the principle.

Hon. A. D. McRAE: Honourable senators, I think I shall have to associate myself with the non-legal senators who have preceded me. I do so on the ground of consistency. We passed legislation fixing the retiring age of judges at seventy-five, and I think we should stand by that or else rescind the legislation entirely. For that reason I shall vote against the Bill.

Right Hon. ARTHUR MEIGHEN: Honourable members, I think it would be very unfortunate if this debate closed with the statements which have just fallen from the lips of honourable senators. I am certainly not the father of this measure; neither am I the step-father in any sense whatsoever. Had I thought this measure would give rise to this debate, I would have contributed to its early passage by maintaining silence.

I do think this should be said. It would be very wrong and unjust if honourable senators were to give to the country the idea that this Bill is in some way a favour to the present Chief Justice of Canada, or is in some respect doing for him what the country has not done for many other very worthy public servants

It does no favour to the Chief Justice at all. If he retires he will be in receipt of just the same income each year as if he retained his present position for two or three years under this measure. The only purpose the Bill can have is to retain his services for this limited period of time. In any event, we shall be paying him. Honourable members may be conscientiously opposed to the measure, but it is very unfair to the Chief Justice to have word go out that honourable senators oppose the Bill because it is doing for one what has not been done for others. It is doing nothing for anybody. If it is doing anything for any institution, that institution is the Dominion of Canada.

I do not deny for a moment the force of the view expressed by the honourable senator from Hamilton (Hon. Mr. Lynch-Staunton), and by the honourable senator from North York (Hon. Sir Allen Aylesworth). In fact, the same view had entered my own mind. I gave expression to it and sought, perhaps unsuccessfully, to argue that it was worth while to take the risk of compromising the position of future governments because of the benefit we would obtain from the continued services of the present Chief Justice. I value that benefit very highly.

It is true that others may be got to fill his position, and I do not doubt there are those who can fill it well. But those who can fill it cannot be numbered by the hundreds; in my humble judgment they cannot be numbered by the tens; and I think I am not transgressing the limits of prudence when I say I do not think anyone can be found who can fill the position as well as the present Chief Justice of Canada.

Hon. Mr. MOLLOY: Oh, yes.

Right Hon. Mr. MEIGHEN: I do not think so. Of course, I do not question the right of anybody to a contrary opinion, but I think honourable members will consider me in earnest when I express my view of the very exceptional capacities of the present Chief Justice. That he has agreed to continue is something for which we ought to honour him: he shoulders this responsibility for a period longer without any more remuneration than he would otherwise obtain.

I do not deny that danger of future difficulty exists. It is argued that from now on, whenever a future Chief Justice approaches his seventy-fifth year, the Government will have to decide whether his services should be continued, subject to approval by Parliament, and as a consequence there might be a tendency on the part of the incumbent of the office to be not disregarding of Govern-

Right Hon. Mr. MEIGHEN.

ment favour, and possibly to seek to curry that favour. But this should be said. A Chief Justice could not have any financial motive for wanting his services continued. His retention in office beyond his seventy-fifth year can never be a material favour. He could get nothing except—

Hon. Mr. LYNCH-STAUNTON: The honour.

Right Hon. Mr. MEIGHEN: —the honour. Of course, he would have the distinction of being thought fit to continue in his exalted post. But that is all he would get. It seems a little far-fetched to argue that for the sake of that possible honour he might be tempted to serve a Government rather than his country.

Further, in a matter of this kind, a Government would not be wholly in control. A Government could not act by itself. If it could act by Order in Council, I do not think anything in the world would persuade me to support that. Action can be taken only through a bill, which has to come before Parliament for approval. And it would be only in an exceptional case that such a bill could receive approval of both Houses of Parliament. No Government could count upon that result as a matter of course.

For these reasons, which I urge only as modifications and qualifications of the argument advanced by the honourable senator from North York (Hon. Sir Allen Aylesworth) and supported so ably by the honourable senator from Hamilton (Hon. Mr. Lynch-Staunton), I think we ought not to feel we are doing something extraordinary in passing this Bill.

Perhaps I should not sit down without saying a word as to the contention of the honourable senator from Provencher (Hon. Mr. Molloy). I quite realize his state of mind; it is one I myself have often experienced. Undoubtedly there are unfairnesses, unevennesses and all kinds of varieties and contrasts in the treatment of people by parliaments, by governments, and by parties. How that situation can ever be remedied I do not know. The honourable senator may have a higher estimate of the gentleman to whom he referred in such high terms than I have, but I doubt it. I look back on my friendship with the Honourable Frank Oliver with pride. He was a great character, and it is unfortunate that the fate mentioned by the honourable senator awaited him. But for the life of me I cannot see what application that instance has to the present case. We in Canada have perhaps failed in our duty of taking care of public servants who have given much to their country and who have died poor. But we are in

no way committing the same offence now. Nor are we committing a contrary offence, because the object of the Bill is not to do something for anyone.

Hon. Mr. DANDURAND: Hear, hear.

Hon. Mr. CALDER: It is the reverse.

Hon. Mr. MOLLOY: There are some things that were not done for somebody else.

Right Hon. Mr. MEIGHEN: That may be so.

Hon. Mr. MOLLOY: Why not treat all alike?

Hon. Mr. DANDURAND: We are imposing a duty upon the Chief Justice.

Right Hon. Mr. MEIGHEN: We are imposing a duty upon the Chief Justice, a duty which he has agreed to shoulder. It may be that we should have done more for somebody else. But I should not like the idea to get out that there was only one person for whom more could have been done. I could name a pretty long list of persons who were not of the party of the late Frank Oliver and whose fate was not a great deal better than his.

Hon. Mr. MOLLOY: I agree with you.

Right Hon. Mr. MEIGHEN: But I think that matter has not much to do with the present Bill, because this is not in any way a subvention to anyone.

Hon. Mr. CALDER: It means a saving.

Right Hon. Mr. MEIGHEN: It means a saving to the Dominion of Canada of \$15,000 a year. Of course, that is not the main purpose of the Bill, which is to provide for continuation of the services of the Chief Justice of Canada for another three years.

Hon. WILLIAM DUFF: Honourable senators, since my right honourable friend has spoken a second time, perhaps the House will pardon me if I say a few words more. I tried to make it plain, when I spoke before, that I had no personal reason for opposing this Bill. In fact, personal reasons would lead me to take quite the opposite stand. I should like all the Duffs in Canada and the British Empire to have jobs, whether as chief justices or senators or members of the House of Commons or in any other position worth while. The right honourable gentleman is usually logical, but may I say that he was not very logical in replying to my honourable friend from Provencher (Hon. Mr. Molloy), the honourable gentleman from Hamilton (Hon. Mr. Lynch-Staunton) and the honourable

gentleman from North York (Hon. Sir Allen Aylesworth). He did not refer at all to what I said.

The Bill does not mention the Chief Justice or anyone else by name. My contention is that if we pass it we shall be establishing a principle, and I say that principle is bad.

Hon. Mr. MOLLOY: Hear, hear.

Hon. Mr. DUFF: We are not dealing now with any man's ability, nor with what anyone has done by way of service to his country. No one in Canada has a higher appreciation of the services of my learned namesake than I have. But what I object to is the fact that this measure, if passed, will keep him in office for another three years—against his will, perhaps. As I said a little while ago, all the Duffs have pride and a lot of conceit, and they think nobody can do anything as well as they. That no doubt explains why the Chief Justice has agreed to have this Bill introduced.

Let me show where I see danger in this measure. In ten or twenty years' time another Chief Justice of Canada may have reached the age of seventy-five and may feel that he is as able and as young as the present Chief Justice feels himself to be. If retirement is forced upon him he may ask, "Why make fish of one and fowl of another?" and may quote the present legislation as a precedent.

I repeat that the principle in this Bill is wrong. Some years ago Parliament passed a bill setting a retirement age for judges on the Supreme Court of Canada and the provincial Appeal Courts.

Some Hon. SENATORS: No.

Hon. Mr. LYNCH-STAUNTON: Only on Dominion courts.

Hon. Mr. DUFF: At any rate, a law was passed setting a retirement age for judges on the Supreme Court of Canada. If that law was good at that time, why not adhere to it now?

Then, again, I say that there are other men in this country capable of filling the office of Chief Justice satisfactorily. Even among the present members of the Supreme Court—perhaps it is not the right thing to say this—there may be those who feel that if the Chief Justice retired they would have an opportunity for elevation to his position. They have a right to feel that way. You and I, honourable senators, would feel just the same if we were in their place.

We could, as my right honourable friend suggested, pass a resolution expressing our appreciation to the Chief Justice for the good service he has rendered to the country. Instead

of putting through a measure of this kind, let us pass a resolution, and an honorarium along with it if it is felt that the Chief Justice has not received a sufficiently high salary or recompense for his services. I say that in Canada there are men who can take any man's place. If my friend the Chief Justice died to-morrow morning, somebody would be found to fill the post left vacant, just as some persons could be found to replace the honourable senator from Hamilton (Hon. Mr. Lynch-Staunton) and myself, if we died to-morrow.

Hon. Mr. LYNCH-STAUNTON: You can bet on that.

Hon. Mr. DUFF: It would take a long time for them to learn what we know, but they would eventually. The present Chief Justice has reached the Biblical limit of three score years and ten and gone five years beyond it. If he retired and the Government needed his advice later on, they could get it. Why should we pass a Bill, which would establish a principle, for the purpose of continuing the Chief Justice's term of office, when there are hundreds of lawyers who could fill his position? My right honourable friend did not agree with me in that. Of course, I was trying to be complimentary to the legal profession, but certainly there must be some men in that profession worthy of elevation to the Chief Justiceship.

Here is another point. In three years' time a Tory Government may be in power, and the Liberal Government will lose the opportunity of appointing the new Chief Justice. I am too much a partisan to agree to that contingency.

I repeat, honourable members, that I have nothing personal against the present Chief Justice. Quite the contrary. Nor have I anything against any other judge or lawyer. But I cannot say too often that there is no necessity for the Bill, and its principle is bad. Let nature take its course, and when a Supreme Court judge reaches the age of seventy-five let him retire and make way for someone else.

The question on the motion for second reading was then put.

The Hon. the SPEAKER: Carried.

Hon. Mr. DUFF: On division.

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

THIRD READING

Hon. Mr. DANDURAND: With leave of the House, I move third reading of the Bill now.

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

Hon. Mr. DUFF.

UNEMPLOYMENT AND AGRICULTURAL ASSISTANCE BILL

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 96, an Act to assist in the alleviation of Unemployment and Agricultural Distress.

He said: Honourable senators, this Bill is in the same form as the Unemployment and Agricultural Assistance Act, 1938. In fact, it is a renewal as to principle, and virtually as to form, of a measure that we have passed every year since 1931 or 1932. It contains an additional provision for financial assistance in respect of the Youth Training Bill, 1939, which is still before the other House.

The condition of national unemployment and agricultural distress is still of such proportions as to make it desirable to continue assistance towards its alleviation in like manner as in previous years.

The amounts which may be spent under this measure are of course limited to specific sums to be appropriated under the Supply Bill, which will come to us later. Section 5 provides that financial assistance may be granted to any province for the purpose of assisting it to pay its share of expenditures incurred under the provisions of this Bill or of the Youth Training Bill.

Right Hon. ARTHUR MEIGHEN: Honourable senators, I accept the word of the honourable leader that this measure is the same in every essential feature as the one we had before us last year. All I rise to say is that I think a lot of money is being wasted on this youth training program, which is so extensively advertised. I am not opposing youth training, but I say that when you train a dozen persons for every one who gets a position you are wasting money. You cannot justify that. If you train fifty for every one who secures employment the thing becomes grotesque. I understand the Government of Ontario have adopted a principle of co-operating only to the extent of training two or three times the number of persons who are obtaining positions. One would think that allowed latitude enough. It is a sound and sane principle, which should be adopted and applied by the Federal Administration. Some time ago I quoted from the Department of Labour's own report certain figures which simply screamed extravagance. I would urge the Administration to see if they cannot get some common-sense limitation, such as that imposed by Ontario, adopted by the other provinces.

Hon. Mr. DANDURAND: In answer to my right honourable friend's reference to the youth training movement I may say that the Minister of Labour stated that proposals would be submitted to Parliament to increase the usefulness and efficiency of this project by ensuring its continuity over the next few years, and that on the basis of the existing federal appropriation an annual sum of \$3,000,000 was now available under joint contributions to the Dominion-provincial youth training program. I think if my right honourable friend follows the development of the work he will find it is a most laudable object to take care of the training of those young men and fit them for employment.

I have no special memorandum on this point, but I know that throughout the country there seems to be a considerable demand for the continuation and strengthening of this legislation. I believe we are moving in the right direction. I have not now before me the statement of the Minister of Labour as to the application of the Act, but I know it has been commended generally in the other House.

Right Hon. Mr. MEIGHEN: The Minister made some general remarks on behalf of this noble work, as no doubt he thinks it is, but he did not answer the point I have raised. What is the use of training more than two or three times the number you can put to work? There has to be a margin. I was approving a sensible rule imposed by the Ontario Government. This is a subject which perhaps might well have been left to the honourable senator from Peel (Hon. Mr. Marshall). I have no doubt that, being instructed and informed, he would agree with what I have said. Does he not think the authorities of Ontario are right in limiting its responsibility to two or three times the number who can get work, instead of simply offering to spend so much money on anybody who comes forward, whether or not there is afterwards anything at all for him to do, and thus allowing many more to be trained than find employment?

Hon. JOHN T. HAIG: Honourable senators, I want to speak on behalf of Manitoba with reference to this Bill. I must say the Act is being very well administered in that province. Many unemployed girls are being trained in work that such girls might hope to get, such as service as waitresses and housekeepers—training which our schools should give, but do not. In Winnipeg the authorities were very fortunate in getting, in return for payment of taxes, the use of a large warehouse that cost \$120,000 to build. There they have experts from the various machine com-

panies to train young men to handle and take care of different kinds of machinery. The work is under the control of the Provincial Government, and I do not think too many men are being trained for the number who can be given employment. Men are also being trained in forestry camps. The only trouble is that a sufficient number of young men and women do not come forward for training.

I can speak with some authority about the beneficial effects of the training on young women. Young women from seventeen to twenty years of age, who had had no training of any kind, who did not in fact know how to set a table, were given four months' training. I saw these young women last Christmas. They have become proficient in domestic work and dressmaking, and their happiness showed that the training was well worth while. Many of our people in Winnipeg are employing young women so trained to assist at teas and other functions in their homes. Their remuneration is moderate, but it is more than they could have earned when they were unskilled. Those who are engaged in the training in my province are doing really good work.

As honourable senators are aware, the province has to contribute part of the cost of this training. The provincial authorities insist, as the right honourable leader opposite has suggested, that no more young men and women be given training than there is a possibility of placing in jobs at the end of their training course.

Right Hon. Mr. MEIGHEN: That is all I want.

Hon. DUNCAN MARSHALL: Honourable members, I might say to my right honourable friend (Right Hon. Mr. Meighen) that I think Ontario is carrying on this work very successfully, and that I agree with some of his remarks. Personally, I am not very strong for education of an ephemeral nature, undertaken with the idea of getting quick results. So far as agriculture is concerned, I think we made a great mistake in organizing short-course schools, thinking that in a couple of afternoons we could teach young men all they should know about live stock and the land. We should have had a much more effective system had we given our boys when they left public school—and many do not go much beyond that stage—what I might term a kind of scientific training to start them out not only with knowledge of what they are to do, but with their minds, so to speak, leaning in the right direction in order that they might get a grip of their subject and a desire to excel in it.

What the honourable senator from Winnipeg South-Centre (Hon. Mr. Haig) has said about the training of girls in his province applies also to similar training in Ontario. Some very useful work has been done in most of the provinces. At a recent conference here I happened to meet a number of men from Western Canada who were conducting training classes, and in conversation with them I was surprised at the progress they were making.

We are bound to train more persons than we can place in jobs, but the very training they get is good discipline for both mind and body, and I think it will be useful to them. If we come out of the slough of despond within a reasonable time, the training our young men and women have received will enable a larger number to establish themselves under improved conditions than would be the case were they without any training at all.

These unemployed young people constitute a grave problem. They must not be neglected. Something must be done for them. If they have no work to do, they must be given an opportunity to learn something which will add to the sum total of their knowledge, so that later on they may be better able to hold their jobs. But I certainly recognize, as does everybody else, the difficulty of training twenty-five to fifty persons and then placing them in employment.

Our manufacturers in Ontario have been most generous in their treatment of men from these schools where they gained a certain amount of technical knowledge. They were not mechanics, but rather apprentices, so to speak. As I say, there has been very effective co-operation between the manufacturers and the authorities in placing those men.

Wherever you touch unemployment you cannot help wasting money, I do not care how capable those in charge may be. The whole thing is based on the principle of people wanting something for nothing, and they always want more than they can earn; which makes it a most difficult problem.

Hon. Mr. DANDURAND: When the Youth Training Bill is before us I will give to my right honourable friend information as to what is being done in the various provinces. I move second reading of this Bill.

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

Hon. Mr. MARSHALL.

THIRD READING

The Hon. the SPEAKER: When shall this Bill be read a third time?

Hon. Mr. DANDURAND: With the leave of the House, I move third reading now.

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

CANADIAN NATIONAL-CANADIAN PACIFIC BILL

MOTION FOR SECOND READING

The Senate resumed from yesterday the adjourned debate on the motion for second reading of Bill I2, an Act to amend the Canadian National-Canadian Pacific Act, 1933.

Hon. Mr. KING: Honourable senators, yesterday I moved adjournment of the debate merely for the convenience of the Senate. I have no desire to continue the discussion.

Hon. C. P. BEAUBIEN: Honourable senators, I regret that I cannot accept the principle of this Bill.

My first objection is that this piece of legislation is a very extraordinary measure. It reeks with discrimination. With the depression, perhaps I should say with the permanent slowing-down of business, rationalization has had to be undertaken very widely throughout the land, and labour as well as capital has suffered. Labour had to take the loss and so had capital. This is the only measure that I know of whereby it is proposed to relieve labour from its share of the loss.

I need not say to what extent the Bill relieves railway workers who might be thrown out of employment because, through co-operative retrenchment, their services would be no longer required, but it does relieve them to a generous extent. For instance, if a man has worked for one year he receives 60 per cent of his wages for six months; if he has worked for two years, he gets that same percentage of wages for one year; if for three years, he gets it for one year and a half; if for five years, he gets it for three years; and so forth.

I can understand that in certain circumstances a compassionate Government may lean towards a large body of citizens if they require help. But is that the case here? Honourable senators, this Bill deals with the aristocracy of labour, with a group of men the most highly paid and best protected. In this connection I would read one paragraph from the evidence given yesterday by Mr. Chase before the Special Railway Committee of this House. He is the Assistant Grand

Chief Engineer and Dominion Legislative Representative of the Brotherhood of Locomotive Engineers. He quoted from the official statistics of the railways of Canada to show that the engineers receive on an average more than \$3,200 annually. These are the highest paid men in the running trades. He also showed that the average pay of all workers on the railways is over \$1,500 a year. He said:

By taking the average hours worked, i.e., 2,049, and dividing it by twelve, it will be found that these passenger engineers work on an average of 170 $\frac{2}{3}$ hours per month, and when reduced to days worked per month, it works out at an average of approximately 21 days of eight hours. The average salary being \$3,205.25, taking into account what has been set forth above, again bears out our statement that Professor McDougall's contentions are incorrect when he states, "Passenger engineers were able to receive wages amounting to slightly more than \$4,000 a year, for a 15-day month."

I cannot help thinking that Mr. Chase's statement proves conclusively Professor McDougall's contention. This is what the professor says:

The mileage rate of pay is set with the normal run in mind; but there are an increasing number of runs on which very high speeds are made. It is true that the strain of operation may be greater, but it is highly questionable that it rises in step with the speed of the train. Certainly the desirable runs seem to be those which permit a man to go out to the distant terminal and then to return within the one working day. At the last Board of Conciliation and Investigation, the railways, in their introductory statement, brought up a case which should be quoted in full.

Then he quotes the case. That is Professor McDougall's practice. In every instance he quotes cases that have been before either the Conciliation Board or other tribunals dealing with the wages of railway men.

In main line service enginemen run only between divisional points. To take another case for illustration. Engineers running in through passenger service between Montreal and Brockville in approximately three hours would earn their day's pay of 126 actual miles run, and in addition would receive payments for preparatory time, initial terminal service and final terminal delay, representing a total time of approximately five hours, or 180 miles, which would be \$2.07 per hour for the five hours worked. On many such runs engineers make the round trip in the same day and so for one calendar day representing on the basis of the case mentioned ten hours actual working time receive for the calendar day pay for two basic days amounting to a total of \$20.70. Under the application of temporary mileage limitation regulations adopted at the request of the employees, engineers in this service earn approximately \$269 for working ten hours per day on only thirteen calendar days per month. It is not claimed that this is an average condition. The example, however, indicates what the present high rates

of pay do produce in compensation under the conditions actually existing in such service as that mentioned.

That was prior to the beginning of last year, when there was an addition to the wages of the men of the 11 per cent which had been deducted from their salaries by reason of the depression; and with the addition of that 11 per cent their wages would increase to \$299 per month. I take Mr. Chase's contention that this is for two-thirds of the time.

Now, honourable members, I have dwelt on this particular point in order to ask whether honourable members think that these people, who are paid exceptional wages, protected by a powerful organization and supported by American capital, deserve this compassionate legislation which is now submitted to us.

The second point is this. How do the men get paid? Well, so far as Canadian National employees are concerned, they are paid partially by the taxpayers of this country. In the \$54,000,000 of new money that this Government had to put into the National Railways at the end of the year, wages represented 62 per cent. Therefore over \$32,000,000 of the \$54,000,000 have gone towards wages of employees on the Canadian National.

For every \$3 the employees received in wages, \$1 came from the taxpayers of Canada. Is it fair to ask the taxpayers to do better than that? After all, this Bill has only one purpose, and that is to relieve the railway employees and increase the burden on the taxpayers throughout the country. How many workers are there in Canada who earn, not \$3,200 a year, but \$1,500 a year? How many of the ordinary workers in our country get \$5 for every working day? Yet these are the people who had to furnish the third dollar to make up the full wages of the best paid workmen in the country. Is it reasonable?

What does that mean in my province, where the ordinary workman does not earn more than half of \$1,500 a year? It means that the poor devil will have to "cough up" in order to round out the extraordinary wages now paid to railway men. He will have to pay \$3 per head for himself and each of the members of his family, and in my province, where families usually number at least five, it means that the average family will have to pay \$15 so that the aristocrats of the running trades on the railways may collect their full wage. Is that fair? For my part I think it is absolutely unfair.

Of course I know the reason for the Bill. The gentlemen of the running trades, and, in fact, of the labour unions of the railways,

are very powerfully entrenched, very strongly organized, and skilfully directed; and certainly they do not lack courage. They know how to "put it up" to the Government. I could not help retaining in my mind what Professor McDougall said one day in explanation of that fact. Indeed, such a discrepancy between the earnings of one class in the community and the earnings of other classes needs to be explained. Water always finds its own level unless it is held back. How have these people protected themselves and made the whole nation pay through the nose—for that is what they are doing, and there is no getting away from it? One might as well tell the truth. Professor McDougall took a little extract from the depositions of Mr. Ruel, Vice-President and Chief Counsel of the Canadian National Railway Company, before the royal commission of 1932. Mr. Loree, a member of that commission, after listening to a proposition made in the name of the Canadian National whereby \$30,000,000 would be saved to that railway, put these questions to Mr. Ruel and received these replies:

Commissioner Loree: When you get through with your five-year effort and everything, you save about \$30,000,000?

Mr. Ruel: Per annum.

Commissioner Loree: Yes. Why don't you reduce wages 15 per cent and save \$36,000,000 overnight?

Mr. Ruel: I wish we could.

Commissioner Loree: Why not?

Mr. Ruel: As far as the Government railways are concerned, we would be ordered to cancel that in twenty-four hours. . . . The C.P.R. might do it; we could not. We would not receive any support at all, we would be black-guarded all over Ottawa. We would not dare to go on the streets, we would be chased out.

Now do you understand how it is that at the beginning of last year, for instance, when the men asked for and insisted upon a restoration of the 11 per cent that had been deducted from their wages, they got it, although the railways had resisted them and had secured a favourable verdict from a board of conciliation? You can see the road they took to get the full amount of their salaries. The Government are afraid of them, and the men get their own way. That is the position. We are face to face with a privileged class. No other class of labour is paid anything even approximating what they receive.

The next point is this. Whatever the country is going to pay to these railway men will be paid by the taxpayers, even though the taxpayers in large numbers do not earn half the wages received by these men. This Bill will take from those who have not and will give to those who have. Is it fair? Is it reasonable?

Hon. Mr. BEAUBIEN.

There is something more. The Government, who are dealing with the country's money, can perhaps afford to squander that money if they so desire, but what about the Canadian Pacific Railway? By a Bill of this kind we say to the Canadian Pacific: "Oh, yes, you are making sacrifices for the purpose of co-operation. You expect to gain by the savings that will result. Well, you shall not gain. For a time you must pay 60 per cent of those savings to your men." Is that fair?

Hon. Mr. MURDOCK: Are you asking me?

Hon. Mr. BEAUBIEN: I never address myself personally to my honourable friend, though he always favours me by addressing me personally. Perhaps he can remember that.

Now I conclude. Perhaps I have spoken too long. I am not going to oppose the sending of this Bill to committee, for I understand it is the desire of a number of honourable members that it should go to a committee; but I shall reserve my full liberty to vote against it for the reasons I have mentioned.

Evidently the Government have but one hope of settling the Canadian National problem—co-operation. Up to now co-operation has done nothing, or practically nothing. After five or six years it has saved \$2,000,000. Last year the Canadian National Railway cost us \$54,000,000. Roughly speaking, the loss, including the loss of interest on the money already invested, and the new money put in, amounted last year to \$100,000,000. And it took five or six years to save about \$2,000,000! If the way to solution of the problem lies in co-operation, why should we take away all incentive for the railways to co-operate? Will the railways endeavour to save money when they know that everything they save will have to be paid out under this Bill? It seems to me this would bolt the door to co-operation for all time to come.

Hon. Mr. COPP: May I ask the honourable senator a question?

Hon. Mr. BEAUBIEN: Yes.

Hon. Mr. COPP: I was wondering if the same argument which he quoted could be used to attack the payment of senators' indemnities out of taxation.

Hon. Mr. BEAUBIEN: If the honourable gentleman values his services as senator in such a way as to be able to make a comparison in the present instance, it is useless to attempt any answer to his question.

Hon. GEORGE LYNCH-STANTON: Honourable senators, what my honourable friend has said is in principle absolutely correct, but it must be remembered that

socialist governments are influenced by expediency rather than by principle. So it is just a waste of time to argue about the principle involved in the measure.

I have a reason for wishing to support the Bill, if it is amended to suit me. The condition which we in Canada are now facing is one that we brought upon ourselves. Years ago the Government—I am speaking, not of a Liberal or a Conservative Government, but of the Government of Canada—departed from the course of legislating for the purpose of governing the country and began to legislate for industrial and socialistic schemes. We took over the Grand Trunk Railway and created a strong competitor of the Canadian Pacific. After a while we realized in our hearts, although we were afraid to say it, that there was not room in Canada for two railways, and that we had no use for the Canadian National, which at huge expense had been converted from what the late president of that road referred to as a junk heap into perhaps the finest railroad in America. But there it was. We had built it up and thousands upon thousands of men had come into its employ, supposing that they were entering upon jobs that were good for their lifetime. Working under a Government, as they were, they had a right to believe that so long as they were efficient their jobs were safe, because a Government, unlike a private concern, can carry on even if they are insolvent. The amount of money paid to these railway employees, who are now being called the aristocracy of labour, is a matter of expediency, not one of right or principle. It is expedient to pay them this money, and expediency is the governing principle with socialistic administrations. So we cannot talk any Administration, Conservative or Liberal, out of doing what is being done.

I believe, as everybody I have talked to believes—although it is not expedient to say so publicly—that the Canadian National-Canadian Pacific Act of 1933 should have been put into operation. That was not done, because all the railway employees were against it and the Government had to obey their masters. I think that a consolidation of these two railroads which would turn men into the streets would be a monstrous injustice. To my mind, after having gone into this business with our eyes open and employed so many men, we have no right to say that because the venture is costing us an enormous amount of money we will discontinue it, or turn the Canadian National over to the Canadian Pacific, or bring about a consolidation, if any such course would result in the turning of large numbers of men into the streets. Whether it would be just or unjust, we could

not do that, for it would not be expedient. It would cost some Government their life, and no Government are going to agree to self-extinction to please somebody.

In my judgment the only way to alleviate the present condition is to consolidate the management of the roads and pension every man who thereby loses his position, the cost of the pensions to be borne in full by the Dominion of Canada and not in part by the Canadian Pacific Railway Company, as is intended under this Bill. I should be prepared, so far as I can see now, to support the Bill if it were amended to provide for that. We brought about the present condition and we should not shun our responsibility. I do not think we have any power, authority or right to order the Canadian Pacific to pay men who are discharged. If we have any such power it is dictatorial and not democratic.

In any event, I feel we should not pass a Bill of this description without knowing what its consequences would be. Two points occur to me about which we should have information. Has the Canadian Pacific saved any money or got any benefit from whatever consolidation or pooling has been effected under the authority of the 1933 Act? If so, what is the extent of the saving or benefit? In the second place, if this measure passes, what will be the cost to the Canadian Pacific? If it will exceed the benefits to the railway under the Act, we should be grossly unjust in making the railway shoulder the responsibility.

Apart from other considerations, I believe that if the State pensioned all employees of either company who lose their positions because of the operation of the Canadian National-Canadian Pacific Act, our path towards ultimate consolidation of the railways would be made much easier. I do not for one moment think we should take over the Canadian Pacific, or the Canadian Pacific debt. A couple of years ago I was a member of a committee dealing with the railway question, and I heard it admitted on both sides that the business was divided about equally between the two roads. I submit that if joint management were put into effect each road should receive half the total receipts, but each should pay its own debts. It does not seem to me that Canada should assume the debt of the Canadian Pacific Railway, although it may be possible to say a good deal in favour of that. There should be only a joint management. But we cannot have that so long as there is fear of its resulting in men being thrown out into the streets. I understand Sir Edward Beatty said that under joint management no employees would be let out. If that is so,

we could agree to joint management; but if it became necessary to discharge employees, the country should pay the cost. And it would be very much better for us to face that now than to go on year after year adding millions upon millions to our debt. The second year that the Canadian National was in operation I stated in the Senate that our debt would grow like a snowball until it got bigger than the Parliament Buildings.

Hon. Mr. CALDER: May I ask the honourable gentleman whether he would go so far as to approve of compensation for those who have already lost their employment through co-operative efforts made during the last five years?

Hon. Mr. LYNCH-STAUNTON: To be frank, I would if it were necessary.

Hon. Mr. CALDER: What does the honourable gentleman mean by "if it were necessary"?

Hon. Mr. LYNCH-STAUNTON: I want justice to be done and Canada to get out of this hole.

Hon. JOHN T. HAIG: Honourable members, I shall vote that this Bill go to committee. Then, unless I am convinced that it should be rejected, I shall vote for third reading.

This Bill is before us because, under an Act passed in 1933, we ordered co-operation between the two railway systems. True, up to date, even if you count all the applications the two railways companies have agreed upon, the total savings will amount to only about \$2,000,000.

It will be seen on reference to the schedule that five years is the maximum period of payment to men who are deprived of employment. For the benefit of honourable senators who are not members of the Special Railway Committee, I may cite an actual case. Between Bala and Wanup is a 141-mile section on the Toronto-North Bay-Sudbury lines of the Canadian Pacific and Canadian National. Within that mileage those two lines are closely parallel to each other. There is very little, if any, local traffic. By the Canadian National line being abandoned and the Canadian Pacific utilized for traffic of both railways, an annual saving can be effected of \$161,000, or about \$80,000 for each railway. In effecting that economy about sixty-five men will be thrown out of work. Those men will include engineers, firemen, conductors and others. They may go to any place where they are senior to other men. In other words, ultimately there will be sixty-five fewer men employed on the Canadian National Railways. This Bill

Hon. Mr. LYNCH-STAUNTON.

proposes that if they have worked fifteen years or over they shall receive for five years an allowance of 60 per cent of their average monthly compensation during the last year of their employment. Why should the railroad that saves \$80,000 a year not take care of part of the wages of those men? At the end of five years the payment to the men would cease, and then the whole \$80,000 saving would go to the company. That is the principle underlying this Bill.

The honourable senator from Montarville (Hon. Mr. Beaubien) says that because the railway employees are highly organized they can demand this compensation. I would remind him that we are saying to the railroads, "You must co-operate." Some members before the committee suggested that we should compel them to co-operate. I can see no reason in the world why the Canadian National line from Bala to Wanup should not be abandoned. There is, as I say, no local traffic to speak of, and there would be a saving of approximately \$160,000 a year, or \$80,000 to each company. That line should be closed up.

Hon. Mr. LYNCH-STAUNTON: But that will not be done by the Government against the wish of the railroad employees.

Hon. Mr. HAIG: No, I do not mean the Government. I want to be fair.

Hon. Mr. LYNCH-STAUNTON: I mean, not this Government, but any Government.

Hon. Mr. HAIG: It is not the Government. We are dealing with men's lives and occupations, not with dollars and cents, and the sooner the members of this or any other Chamber learn that men's lives are more important than dollars and cents, the better it will be for our country, for if we do not take action along that line somebody else will do it far better for us. If the railroads can save \$80,000 a year by the proposed abandonment, why should they not, for five years, pay the men dispossessed of their jobs 60 per cent of their wages?

Hon. Mr. LYNCH-STAUNTON: Sure.

Hon. Mr. HAIG: That is what this Bill stands for. I am accused by the railroad unions of being an amalgamationist, in fact of being the leader of the amalgamationists, and of forgetting that the men have rights. I asked Sir Edward Beatty: "If amalgamation or unification goes through, what will it mean to the men who will be thrown out of positions?" He said: "I think in five years, or at most seven years, that whole problem will be disposed of." Now, putting the limit at five years, this Bill takes care of that whole

situation, and I think it is unfair for us to say to the Canadian Pacific and the Canadian National that they must co-operate, unless at the same time we pass this proposed legislation.

I was very much impressed by what Sir Edward Beatty said. I was worried, for, as honourable members are aware, between here and Toronto the pooling of traffic has thrown a number of men out of their jobs, and no provision has been made for them. The evidence presented to our Special Railway Committee convinces me that the major savings are due largely to the discharge of men from the pay-roll, and I think it is only reasonable that those men should be taken care of as is proposed by this Bill.

As I say, I am agreeable to the Bill being referred to committee, but I should like the House to realize that we want railway co-ordination. I have listened very carefully to the evidence before our Special Railway Committee, and I say quite candidly I believe the only answer to our railway problem is unification. To bring that about it is imperative that the men thrown out of employment by such co-ordination be protected by Act of Parliament. They should be not only protected against loss of wages, but also compensated for loss through enforced sale of their homes and for the cost of moving to other places for employment.

Hon. Mr. GRIESBACH: Does the honourable gentleman expect railroading will come back to what it used to be, or will he admit that it is a dying business? And, if it is a dying business, can we establish a basis upon which all our railway employees shall within twenty-five years be on the pension list of this country?

Hon. Mr. HAIG: No; my honourable friend is wrong there. We are saying by Act of Parliament that, for instance, the Bala-Wanup section of the Canadian National Railways must be abandoned. True, the railways have not carried out our instructions, but that is because we did not put enough teeth into the Canadian National-Canadian Pacific Act of 1933. As long as we take that position, we should be responsible for the men displaced by our legislation.

Hon. Mr. GRIESBACH: I am not talking about any railway abandonment. Will the honourable gentleman admit that the railroading business in Canada is a dying business?

Hon. Mr. HAIG: I do not admit that the railroading business in Canada is a dying business. I admit that the evidence before our committee shows the business of the

railroads has over a period of years been gradually declining as compared with general business, and that the decline is due to truck and bus and private automobile competition. I am not questioning that. In 1929 there were 183,000 men and women employed by the railroads of Canada; to-day there are 133,000. My figures may be slightly out, but they are fairly correct. I am not proposing to superannuate the 50,000 who dropped out. But if we say to the C.P.R., "Your road from Winnipeg is to be closed up and the business is to be carried over the Canadian National," and we provide by law that that shall be done, then, to the extent of 60 per cent, they should be given—

Hon. Mr. GRIESBACH: Does the honourable gentleman not think that this is what, progressively, is going to happen, that there will be a closing of lines, amalgamations and various other arrangements, and that year by year the employees will be reduced in number until ultimately they will all have come under this clause?

Hon. Mr. HAIG: No; only in the case of amalgamation or co-ordination. Take the situation west of Winnipeg: There are four lines of railroad from Portage la Prairie west; two Canadian Pacific and two Canadian National. There is a proposal to close up two of them. A certain number of men will be thrown out of jobs. Now, that closing up will benefit the railroad itself. If the railroad abandons a piece of line, as the Canadian Pacific told us it was doing in certain cases, this legislation does not affect the case. It applies only when the railways have been told to co-ordinate or amalgamate.

Hon. Mr. BLACK: I have a different impression. If where there are two trains running to-day the shrinkage in traffic makes it desirable to run only one, there will be a train crew out of work for a time, and those men will have to be taken care of.

Hon. Mr. HAIG: They are not affected under this Bill.

Hon. Mr. BLACK: They will not be taken care of?

Hon. Mr. HAIG: No.

Hon. Mr. BLACK: Then the Bill is not broad enough.

Hon. Mr. HAIG: That is another question. The basis of my argument is this. If by legislation we provide that a road must be closed up, that is one thing; if the Canadian Pacific or the Canadian National wants to close up a road, that is its own business, and the men employed lose by that action.

The Canadian Pacific men told us the other day they had closed up a road and had made all the profits themselves, because they thought that if they did otherwise they would lose the business to the other road and give them half the profit to be derived from closing up. In that case the men got nothing. Maybe they should get something, but that would not be in accordance with the principle underlying this Bill. Unless in the committee some change can be shown to be necessary, I can see no reason why the Bill should not pass, and I am in favour of it.

Hon. Mr. LYNCH-STAUNTON: It seems to me the honourable gentleman is using the same argument I used. He says that if the railroad is closed up by law the men who lose their positions will come under this measure.

Hon. Mr. HAIG: Correct.

Hon. Mr. LYNCH-STAUNTON: He says that if a line of the Canadian Pacific Railway is taken from that company and closed up, the company will save as much money as it has to pay the men affected. Is that so?

Hon. Mr. HAIG: I do not know how much it would save. I know that on the Bala-Wanup line the two roads together save \$161,000 a year.

Hon. Mr. LYNCH-STAUNTON: But the honourable gentleman said a while ago that the money they saved was going to compensate these men.

Hon. Mr. HAIG: For five years.

Hon. Mr. LYNCH-STAUNTON: No. Is nothing more than the money saved going towards compensating these men?

Hon. Mr. HAIG: I could not tell you off-hand. Let me answer my honourable friend this way. That would be something that would be considered with reference to the co-ordination. If the cost of compensating the men on a line is \$200,000 and all that can be saved is \$160,000, it will not pay to close up the line; but if the cost of wages for five years is \$100,000 and the amount that can be saved is \$160,000, there will be a saving of \$60,000.

Hon. Mr. LYNCH-STAUNTON: I do not care what the country will lose, for I think it should lose all, but does my honourable friend say that the Canadian Pacific will not lose anything by this measure?

Hon. Mr. HAIG: No, because it does not have to co-ordinate unless it so desires.

-Some Hon. SENATORS: Six o'clock.

Hon. Mr. HAIG.

Hon. Mr. GRIESBACH: There are a number of questions I should like to ask the honourable gentleman if it were not six o'clock.

Hon. Mr. HAIG: I will move the adjournment of the debate. Then you will have an opportunity to ask them.

The debate was adjourned.

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

THE SENATE

Thursday, April 27, 1939.

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

Prayers and routine proceedings.

GRAIN FUTURES BILL REPORT OF COMMITTEE

Hon. F. B. BLACK presented the report of the Standing Committee on Banking and Commerce on Bill 81, an Act to provide for the supervision and regulation of Trading in Grain Futures.

He said: Honourable senators, the committee has considered this Bill and has amended it in four particulars. It would be difficult to make an explanation of these amendments without discussing the Bill section by section. I suggest that the report be taken into consideration to-morrow, in order that honourable members may in the meantime have an opportunity of studying the amendments.

CHEESE AND CHEESE FACTORY IMPROVEMENT BILL

SECOND READING

Hon. DUNCAN MARSHALL moved the second reading of Bill 88, an Act to Encourage the Improvement of Cheese and Cheese Factories.

He said: Honourable senators, in moving the second reading of this Bill to assist the cheese industry in Canada, I may say it is not a new matter for either the Federal Government or the provincial governments in this country to give assistance to the dairy industry. All governments in Canada have recognized over a long period of years that the dairy cow is the finest colonizer in the country, and that the sooner there are dairy cows on the farm, the better for the farm and

the farmer living on it. Consequently, governments began more than half a century ago to assist the dairy industry.

The first assistance of which I remember began in 1891 in Prince Edward Island, where the land had been somewhat depleted by cropping. A visit from the then Dairy Commissioner, Professor J. W. Robertson, resulted in his placing before the Government a plan for the development of the dairy industry in that province. As I heard a leading public man in the Island say, Professor Robertson literally preached cheesemaking to the people there, with the result that joint stock companies were organized in almost every part of the Island for the purpose of building cheese factories. It was agreed by the Minister of Agriculture that if they erected a factory and purchased machinery he would have the cheese manufactured at a flat rate of one and one-quarter cents a pound. In some districts where there were only a small number of cows to supply the milk, the cost for a time would be more than the farmers would actually pay, but this assistance was offered by the Government with a view to encouraging people to get cows and start in the dairy business.

In 1892 a number of factories were built. In 1893 more were built. In 1895 I walked all over Prince Edward Island, from Tignish to Souris, and back and forth across it as far as I could go without stepping off the Island, and the thing that struck me most was the enthusiasm of the people for these cheese factories. It was a new venture in farming, and the result was that in three or four years, on all the farms whose soil had been depleted and where there was nothing added but mussel-mud to nourish it, the keeping of cows increased the land's fertility and gave the people milk, and a milk cheque from the factory. The Government arranged to make advance payments for milk once a month or once every two weeks. The cheese was not marketed month by month at it is now. It was shipped mostly in the autumn, but the farmers were paid every two weeks or every month—I am not sure which.

That was the beginning in the Dominion of Canada of organized effort on the part of the Federal Government to help the dairy industry get on its feet, and it was to some extent necessary because the Government of every country competing in dairy products had given assistance to their farmers in dairy efforts.

If I remember correctly, the next effort along these lines was made in the Northwest Territories in 1896, when the organization of creameries was begun upon a somewhat

small scale. Part of the requisite money was lent to the creameries by the Government, and part was subscribed by people in the various localities, and the Government agreed to manufacture the butter for four cents a pound. Those creameries were started in the Northwest Territories because there had been frequent frosts over a period of years. Frost is not quite as bad as drought, for in spite of frost you can grow a good deal of feed for your cows, but farmers who had been counting upon reaping a fairly good harvest of wheat were greatly disappointed because of these early frosts. The Government started these creameries in Western Canada with a view to helping such farmers to get established on the land.

Cheesemakers were employed by the Government and sent to the factories in Prince Edward Island because there were no skilled cheesemakers in that province. Similarly, skilled buttermakers were sent from the East to the West. Most of them came from Ontario or Quebec, where there already were dairy schools from which qualified men were graduating.

Those dairy products were made in factories. We know now that for the sale of dairy products in any quantity they must be made in factories, where the producers are able to meet the requirements as to uniform quality and grades, not only for our home market, but for the markets of other countries as well.

The cheese industry in Canada has been going up and down over a period of years, depending somewhat upon the demand in Great Britain and also, to some extent, upon the way in which the business is pushed. The making of cheese is a much more difficult process than the making of butter. The bonuses or grants that are provided for in this Bill will apply to the high grades of cheese. And it must be remembered that it is just as easy to make a high grade of cheese as a low grade, provided the necessary precautions are taken by the farmers and all others who have anything to do with production. As a matter of fact, I have had a few years' experience in watching the operations of cheese factories, and I know that the factory which scores best at the end of the year is the one which holds a meeting early in the season, before any milk is shipped at all. The meeting is not restricted to the people who make the cheese; all who are concerned in the business are invited, and particularly the suppliers of milk. It is always well to have a tinsmith present, and one usually is. As honourable members know, milk producers use a large number of cans, and it is easy to understand that the price

of cans is a serious matter to many producers. The buying of a new set of milk cans means a very important financial outlay. So the farmers bring all their cans to these meetings, in order that the tinsmith may solder any places where the tin has been eaten away by rust. This has to be done in order to prevent infection of the milk by bacteria originating in these rust spots. In the month of July, when the making of cheese is going on, bacteria arrive seemingly from nowhere, and, as milk is the finest possible host for such, they multiply at an almost inconceivable rate unless they are kept in check. So the cheese-manufacturing process is a very difficult one. I think that in Ontario there are about fifteen cheese instructors. When the weather gets hot their telephones are in operation all the time. They drive from factory to factory, visiting probably three or four factories in a day, and they often find new and unexpected conditions. Frequently a consultation is necessary in order to discover what it is that is preventing the making of good cheese.

That is why this Bill encourages consolidation of cheese factories. We all know that most of the cheese factories in Ontario—I speak of that province because I know it best—were built a long time ago, and many of them are in need of extensive repairs. For the most part these factories are small. If the making of a large quantity of cheese is supervised by one man, the quality is certain to be more uniform than if three or four men had done the supervising.

When those old cheese factories were built in Ontario it was the custom to draw milk to them by horse and wagon, but now most of the milk is drawn on motor lorries, so that the distance between farm and factory is not as important as it used to be. Everybody in the business in Ontario will tell you that if you could consolidate a group of say four or five cheesemaking companies, tear down their buildings and erect one new plant, over which there would be one man in charge, a general improvement in the quality of the product would be noticeable. But it is a very difficult thing to bring about these consolidations, as I know from some endeavours I have made. Many a small factory is owned by a group of farmers who have formed a joint stock company, and they are opposed to amalgamation with any other group because that might mean loss of their proprietary interest in the company into which they put their money a long time ago. This Bill will lead to consolidation of some of these factories, and in such instances the Government will give a grant of 50 per cent

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of the cost of improving the machinery and building, and of erecting a cold storage plant.

As a rule cold storage is a costly affair, but for cheese it is not, because only cool storage is required. Cheese does not have to be kept at a very low temperature; so comparatively little machinery is necessary, more dependence being placed upon insulation for maintenance of the proper temperature. About three years ago the Government of Ontario made a small grant available to cheese factories which installed cool storage for warehousing their cheese. All cheesemakers are agreed that cheese should be kept in storage at the factory for at least ten days. One of the difficulties has been that many factories have not sufficient storage space to hold all their cheese for that period, the result being that some of it is shipped out before it is matured enough. If we had efficient cold storage, not only could all our cheese be brought to a state of proper maturity, but there would be less loss through evaporation than there now is.

Then the Bill provides for assistance, amounting to 50 per cent of the cost, to cheese companies who rebuild their factories. I expect this will be taken advantage of to a considerable extent.

One thing that is necessary is a uniform size of hoops.

Right Hon. Mr. MEIGHEN: What are they?

Hon. Mr. MARSHALL: The hoops are the round containers in which the cheese is pressed. They are perhaps 12 to 14 inches long and of various diameters, from fifteen to sixteen inches. Some makers fancied they could turn out a better cheese if it weighed about 100 pounds, and there was a demand in Great Britain for a certain number of that weight. However, it is generally accepted now that the 80-pound cheese, which is made in a hoop fifteen inches in diameter, is just about the right size for the British trade.

After all, though we export small quantities to the United States and other countries, it is to Britain that we look for our cheese market. We in this country do not eat much cheese. We buy a pound now and again, eat half of it and bait mousetraps with the rest. People who come here from the Old Country are cheese eaters. I remember the time when our family, a small family, could easily consume an 80-pound cheese in a winter, but now an 80-pound cheese would last my family for about five years.

Some people advocate a campaign to increase the eating of cheese. I have never

been in favour of that kind of thing and have never taken part in one. The only article the consumption of which I would seek to encourage by a campaign is milk, because I think it is so important to the health of children. But a man can eat only a certain quantity of food, and if he increases his consumption of cheese he may eat less lamb, and the sheep growers will have a grievance. So I am not in favour of campaigns to encourage people to eat this or that; I believe it is better to let people decide upon their own diet. You remember when Josiah Allan went to the World's Fair and was drinking tea, his wife warned him that he could hold only five cups. We do not want people to overfeed themselves.

Our chief objective should be to expand the British market for our cheese. In Great Britain we are now getting a price of from one to three cents above that paid for cheese imported from New Zealand. The reason is that our cheese suits the people over there. We sell some cheese in the United States for the making of cheese biscuits, because our product will stand up when it is so used, and what is made in the United States itself is apparently softer. The people over there must have something wrong with their teeth; a lot of whey is left in their cheese and the product is not pressed as firmly as ours. The same demand for firm cheese exists in Great Britain. When the Milk Board of Great Britain started to make cheese, they had a number of badly equipped buildings and turned out an inferior product. The British miner is very fond of cheese and likes it in sandwiches for his lunch, but he also likes to be able to see it when he is eating. He found that when the Milk Board's product was used it completely disappeared by lunch-time, having melted and soaked into the two pieces of bread. Canadian cheese is of such a class and character that it will stand up, and so it has a good market among miners and other workmen in Britain.

If we improve the conditions of our cheese factories in the provinces, particularly in Ontario and Quebec, where we produce a great deal of cheese, there is no doubt that we can still further improve the quality of our cheese. If we can get it into the No. 1 class and scoring 93 or 94 points, there will be not only a ready but a very keen demand for it.

Section 8 provides for payment of premiums of one cent and two cents a pound, respectively, on cheese scoring 93 and 94 points. In some quarters it is asserted that the premium ought to be extended to a lower

grade; but, with some improvement in equipment, all our factories can reach these two high grades. There will be some incentive for them to do this, because then they will be able to organize the farmers and induce them to supply their milk in proper condition for the production of a high-class article.

I saw a striking illustration of this in Brockville a few years ago. The Avondale farm is located nearby—an honourable senator knows where it is—and it is managed by Tom Davidson. He was very much disgusted that a local creamery was turning out an inferior grade of butter; so over a period of two or three months he offered prizes in the form of neck yokes, whippetrees, and a set of harness to farmers who brought in first-grade cream. The effect was remarkable. Within a short time the quality of the cream improved to such a degree that in awarding the prizes the difficulty was to decide, not whether any man's cream was sufficiently high-grade to qualify, but which of all the high-grade creams was the best.

Hon. Mr. BALLANTYNE: Could the honourable gentleman state the average price paid for milk sent to the cheese factories he has referred to?

Hon. Mr. MARSHALL: I think it was stated the other day in another House that at the present price of cheese it would run to about 60 cents a hundred pounds, less the cost of hauling. This, I know, is a low price, but the farmer is producing several things for which he cannot get a very high return.

Hon. Mr. BALLANTYNE: I think my honourable friend must be wrong when he says 60 cents a hundred. That is 6 cents a gallon. Would that be for milk running in butter-fat about 3½ per cent?

Hon. Mr. MARSHALL: When this quotation was given, I think cheese was selling at about 10 cents a pound. The question was asked, what that would net the farmer for his milk. It was said it would net him about 60 cents, which I assure my honourable friend is not a very high price. But I am afraid he does not understand for how little the farmers in this country have to work.

Hon. Mr. BALLANTYNE: Yes, I do. I shall follow my honourable friend in a minute.

Hon. Mr. MARSHALL: That price may seem very small to him, but it is a return many farmers are compelled to take, especially when they cannot make money any other way.

The purpose of this Bill is to encourage the improvement of our cheese factories, so

that our cheese will command a higher average price, and thus give the farmer a better return than he is getting at the present time. With very few exceptions all the cheese factories in Ontario are co-operative ventures owned by the farmers themselves. The exceptions will not affect the result, because today the sale of cheese from all Ontario factories is made at the cheese board, that is, the cheese is sold by public auction, and the price paid by the owners of the private factories for milk to the farmers approximates that paid by the co-operative factories.

The premiums provided for by section 8, to which I have referred, would give the farmer at least an additional 12 cents a hundred pounds for his milk.

The grants to be made under the authority of this Bill would not only stimulate the cheese industry and enable our cheese factories to continue in operation, but would also retard the production of butter. Always there is a large volume of milk which must be converted into butter or cheese, and just as soon as we reduce the production of cheese we find the production of butter increases. We have not yet established a first-class export market for our butter, and the result is that it becomes what is called a "drug" on the domestic market.

I believe if this Bill goes into effect it will result in the consolidation of some of our cheese factories, say, two or three into one in some cases, and thus reduce the cost of operation, improve the grade of cheese, and afford better storage facilities so that the cheese can be better handled before it is shipped to Montreal for export. It will also enable the Government to assist the owners of private factories who desire to improve their equipment and turn out cheese of uniform size.

For these reasons I think this Bill ought to receive the support of all honourable members.

Hon. H. A. MULLINS: Honourable senators, I congratulate the honourable gentleman from Peel (Hon. Mr. Marshall) on speaking loud enough to enable me to hear every word he said. I do not know why the curtains in our galleries are drawn back, for the sound seems to travel towards the galleries instead of towards the sides of the House. I know that when I have been in the end galleries of the Commons I have been able to hear very well, although I have not been able to do so in the side galleries. My hearing is not bad, and I think that if honourable members would only speak up and

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articulate clearly nobody would have any difficulty in hearing them.

I am glad that at least there is someone in the House who stands behind the cow. We have heard so much about the trouble of guaranteeing prices of wheat that I am glad to hear the honourable gentleman talk about the cow. For a number of years I sat in the other House and spoke of her value to Canada. As I drive along the road I would rather look at a herd of well-bred cattle than at a field of wheat. I know the troubles that come out of wheat-growing alone.

I do not agree with my honourable friend from Peel (Hon. Mr. Marshall). I have no use for the churn dash. What are you going to do with millions of pounds of butter on hand? There is butter packed in all our cold storage warehouses. In the early days I used to see cheese piled up in Montreal and selling for practically nothing. Compare that result with what you would get from a herd of well-bred beef cattle. The calf that is raised on the mother excels the one on skim milk. My honourable friend has written a book on farming. It is all very well to write a book about live stock, but it is an entirely different matter to translate theories into practice by going out on the land and becoming a farmer. I do not want to have anything to do with the churn dash. Give me a well-bred calf raised on the mother, for veal or beef.

The other day I read an article by Henry Ford. He did away with the horse, and now he is talking of doing away with the cow. Chemistry is to replace her. Well, God help the country when you do away with the cow. I think back over the years about our old brindle cow. She raised my brother and me in the town of Lindsay. What a valuable cow she was to our household!

We are talking about giving away butter to the Red Cross in order to reduce the huge surplus now in cold storage, and yet the honourable member is advocating the passage of a Bill which, if enacted, will tend to bring about a large surplus of cheese and increase our stocks of butter. I am astonished at these inconsistencies, for I have read his books and admired their illustrations of many well-bred animals. I repeat, the writing of a book bears little relation to the practical operations on the farm. The man on the farm who is hit in the ribs when his plough strikes a stone is far ahead of the man who seeks to learn something about farming by reading these wonderful books. I congratulate my honourable friend on writing these books for the Imperial Oil Company; they are well written. As for me, my life, honourable members, was

forged on the prairies and farms of Western Canada—the open book of nature.

I know an honourable member sitting in this House, one of the most brilliant minds in Canada, who as a boy sold milk by the quart. He knows something about the dairy industry. It is a laborious undertaking as compared with the raising of well-bred calves suckled on the mother. When they reach maturity you have something on your farm to look at. My honourable friend from Peel knows that as well as I do.

In my opinion, if this Bill is put into effect its only result will be to stimulate the manufacture of cheese to the point where the market will be glutted and the farmer will get very little for his product. Oh! there are so many persons giving advice to the farmer that I wonder how he succeeds on the farm at all.

Dairy cows are all right when close to a city where you have a market for your milk, but otherwise I prefer beef cattle. In the Bible I read the story of the introduction of those spotted animals that you see in the fields. I think they were the greatest curse that ever struck the country. I have no use for them at all. Jacob and Laban made a deal that all the ring-straked, speckled and grised cattle should be Jacob's. I recommend honourable members to read that passage in Genesis. It is the first deal for profit recorded in Holy Writ. Jacob trimmed Laban in getting those cattle for his share.

The production of beef cattle will put the farmer in a good position. You cannot have a successful farm unless you have well-bred cattle on it. I am talking, not of pure-bred, but of well-bred cattle. The farmer who will feed cattle in the winter time, instead of running around the country listening to demagogues who tell him how to get along without working, will be successful. I am speaking from experience, not from a book. I have had fifty years' experience in feeding live stock.

In this connection I think of a former member of this House. I refer to the late Senator Cochrane. He was born in Compton in 1823. He commenced breeding cattle in 1865, when he made his first purchases of Shorthorns and Herefords, stock from the herds of W. H. Stone, of Guelph, and other cattle that he picked up in different parts of Ontario. His first purchase of pure-breds was made in 1867 at an average cost per head of 500 guineas. In 1868 the senator purchased pure-breds from Captain Gunter, of Weatherley, at a cost of 1,000 guineas. I do not care what price is paid for well-bred cattle. I do not care what the Government do with the money they are taxing the people so heavily to get,

so long as the farmer is induced to go in for live stock and mixed farming.

I was manager of the Cochrane Ranch. It was built up from a small beginning. In 1870 importations included forty head of short-horns and a lot of Berkshire hogs. The last importation was made at a cost of \$70,000. When the senator branched out on the Western Prairie he had a ranch of 66,500 acres of land and 12,000 cattle. I was manager of that ranch for a number of years. I may say for the information of honourable senators that the watch which I have in my pocket was given to me by the directors of the company as a token of esteem, and in recognition of my services as manager. I never used a book, I never used a paper, I used practical common sense in the feeding and producing of cattle.

Do I love the cow? Yes, I do. Let me tell honourable senators of an incident that occurred during my campaign in 1930. I was making a speech in Angusville. In the course of it I referred to the importation of eggs from China, and to various other things that were brought in, to the disadvantage of the man on the land. Finally I spoke of the cow. As I was speaking a cow bellowed at the back of the hall, and everybody laughed—

Some Hon. SENATORS: Oh, oh.

Hon. Mr. MULLINS: —so I told the audience I was talking cow language. I got three hundred votes in the district while my opponent got only fifteen.

An Hon. SENATOR: From the cows?

Hon. Mr. MULLINS: Yes, from the cows.

When I first started in business I walked into the city of Toronto with a cow at the end of a rope. I remember sitting on the prairie with an honourable member of this Chamber who has since passed away, and talking with him about the value of the cow. He was taking a cow into Minnedosa. He started in a humble way, but when he died he left an estate worth \$6,000,000. I refer to the late Senator Burns.

Yes, I value the cow, and I value her product, the calf. I know what they have done for Western Canada. Western Canada was rich in cattle, but the Nestors got hold of the land and drove the cattle men out.

My honourable friend talks about bringing back the fertility of the soil. He says, "Go back to the churn dash." No, honourable members, I will not advocate to any farming community the making of cheese. I will tell the farmer to raise well-bred Shorthorns first, and the other breeds afterwards. I have had something to do with the live stock industry of the West, and I say the farmers there have had no chance at all since the demagogues

arrived on the scene with their various nostrums. They preached a new doctrine. They said: "Don't work on the farm. We will tell you what to do. You won't have to work." Honourable members have heard some of the promises that have been made in another part of this building—the talk of making use of the printing press, and all sorts of things. Why, those demagogues even started to print money. Here is one of their bills. It bears the inscription "Prosperity Certificate." Honourable senators, no man can succeed on the farm unless he works; there is no panacea that will relieve him of the necessity of working. Those doctrines which are being preached so disturbed the men working on my farm that I had to sell out.

A farmer, to be a success, must diversify; he must have live stock on his farm. In the old days, fifty odd years ago, when the buffalo were roaming the plains, we had fertile land and bunch-grass grew all over the country. But when the Nestors came along the land was broken up and sown with other stuff, and to-day there is nothing but weeds. I understand that we are to have a Bill for the rehabilitation of the land south of the main line. I say to honourable members of this House, leave the land alone; take the fences down and let it go back to the ranchers. They stepped aside and gave the land to the farmer. They said, "If you can do a better job than we have done, you may have it." I had twenty thousand acres of land under lease, south of Medicine Hat. When the farmers came in there they camped on the water-holes, and the cattle could not get to them. True, there are plenty of rivers, but in going to them for water the cattle had to travel from five to seven miles either way. No wonder they got thin. Give me the open range!

Later I came to Manitoba, and for thirty years I fed my cattle, and I have yet to make a loss. There are men in this House who have seen me working on my own farm. I was not above working. I fed five hundred cattle. I was out looking after the herds at seven o'clock in the morning. Whatever success I had was the result of work. Well-bred cattle will pay any man if he works and gives them proper attention in the winter time; but you might as well throw your feed away as feed it to scrubs.

I sometimes think of the old habitants along the St. Lawrence river. They grew large crops of hay and fed the live stock and made homes for themselves. You have to make of your farm a home, not a boarding-house. The farm is a beautiful place to live, and it is the best investment that any man can have to-day.

Hon. Mr. MULLINS.

I am worried about the youth of this country and have given considerable thought to what can be done for them. It seems to me that these men could be put on farms on some of the Indian reserves. With their families around them they could be happy and could make a success of life. There should be an instructor with them. He should not be a professor out of a college; the man who has experienced hard knocks is the best tutor these men could have to teach them how to farm right. What is prettier than a well-kept farm with a road down the centre and fields of leguminous crops on either side?

We have the richest country in the world, and there is no reason why we should not prosper. I am speaking from experience. Books may be of assistance, and I like to turn over the pages to see if I can learn anything from them; but experience and some knowledge of the ups and downs of life in the great open spaces give a man a better education than any book can ever give him.

Hon. Mr. MARSHALL: Will my honourable friend from Alma (Hon. Mr. Ballantyne) allow me to correct my answer to him? The mistake was a stupid one. In answering the honourable gentleman I should have said 74 cents, not 60 cents. After the cost of fabrication and so on is deducted, when cheese is selling at ten cents a pound, there is 74 cents per hundred pounds of milk coming to the farmer. I apologize for having made the mistake.

Hon. C. C. BALLANTYNE: Honourable senators, I do not think the corrected figure which the honourable gentleman has just given the House will improve the situation very much. I do not pretend to be as much of an authority as my honourable friend, but let me say to him that I was born and brought up on a farm, and, probably very unwisely so far as I am concerned, I have been operating a dairy farm for the last twenty-five years. Naturally, therefore, I am interested in the dairy business.

Every time I visit the country I cannot but note the sorry straits in which the farmer finds himself. This is chiefly due to the fact that he gets a very low price for the milk his herd produces. My honourable friend will realize that if a dairy farmer sells milk containing 3½ per cent butter fat at ten cents a gallon there is an actual loss. No man can keep a herd of cattle and feed them properly and make anything but a loss at ten cents a gallon, \$1 a hundred. A few may get a higher price if they ship their milk to Montreal.

I fail to see what this Bill is going to do to help the dairy farmer. A great many dairy farmers are not in the cheese business, nor

are they interested in it. They either send their milk to a condensery or ship it to the city. But let us assume that a dairy farmer does take his milk to a cheese factory, as my honourable friend has suggested. If he gets 7 or 7½ cents a gallon, or 74 cents a hundred, as my honourable friend has said, such a low price can result in nothing but a loss. If we assume that he is in very good luck, and the cheese grades 93 or 94, he may get two cents more. But looking at the matter from the dairy farmer's point of view, with all due respect to the profound knowledge of my honourable friend, I cannot see that this Bill is going to benefit the dairy industry very much; and, knowing the farmers as I do—and I live in a good farming and dairying country—I do not think the margin of profit is going to be enlarged by this Bill, or that the Bill will be entertained very favourably by the producers of Canada.

Right Hon. ARTHUR MEIGHEN: Honourable members, I wish to call attention to only one feature. The Bill provides a bonus of one cent for second-grade cheese and two cents for the highest grade. That feature I pass, having nothing special to add.

The other feature is that it grants fifty per cent of the cost of raw materials for either of two purposes: first, the erection of cheese factories, which necessarily, by the Bill, involves the consolidation of two, three or more factories into one; or, second, the installing of insulation and refrigeration facilities in existing plants.

Hon. Mr. MARSHALL: A curing warehouse.

Right Hon. Mr. MEIGHEN: Have I used the right terminology?

Hon. Mr. MARSHALL: You will find it in section 7: for "construction, reconstruction, insulation, refrigeration and equipment of cheese factories."

Right Hon. Mr. MEIGHEN: For the time being I will deal only with the feature I have last mentioned, the granting of 50 per cent of the cost of raw materials for the purpose of encouraging companies to consolidate factories and build more modernized plants, or, on the other hand, to modernize their existing plants. To my knowledge this has been pretty well done already in Western Canada. In Alberta and particularly in Saskatchewan, which is now a very good dairy province, the plants are modern, large, and efficient. It is right here in Ontario and Quebec that the plants are small and not modern, and therefore inefficient. It does not

seem fair that governmental assistance should be given to people in the older sections of our country, whereas people in the newer sections had to bear all the cost themselves.

Hon. Mr. DANDURAND: In that respect there are compensations which at times bring about a fair average as between provinces.

Right Hon. Mr. MEIGHEN: It seems very strange to me. I know that many of these cheese factories in Ontario used to be, and I presume they still are, owned co-operatively by farmers, or by small joint stock companies with farmers as shareholders, but a large number are owned by cheese manufacturers who buy their milk at the market price. This Bill does not provide that the bonus shall find its way into the farmer's pocket. It may go to the manufacturer, the converter of the farmer's product. I am not sure that this would be a bad thing, but it is proper to emphasize that in a very large proportion of cases, or so it seems to me, that is what will happen.

Hon. Mr. MARSHALL: Does my right honourable friend refer to the grant of 50 per cent or to the bonus for cheese?

Right Hon. Mr. MEIGHEN: Both. If the factory is owned by a manufacturer he is going to get the benefit on both counts.

Hon. Mr. DANDURAND: But will the farmer not benefit if better cheese is produced and a higher price is received for it?

Right Hon. Mr. MEIGHEN: He may receive a benefit in that way, but it would be a remote one. Mind you, I think the country as a whole will benefit by the modernization of these plants. That is needed in Ontario and Quebec. Having regard to the number of plants owned privately, it seems very strange that the owners themselves have not long ago responded to the demands of the times for standardization of products, which is possible only in large establishments, and that they have to be coaxed and bonused by the Government to do so. There may be reasons I do not know of.

I am only calling attention to two facts. First, we are doing for the central provinces what the West has already done for itself. In the next place, we are providing direct benefit for the secondary processman without being at all certain that in the main it will be passed on to the farmer. As I have said, it seems to me that it will remain with the manufacturer.

Hon. Mr. BALLANTYNE: Hear, hear.

Hon. A. C. HARDY: Honourable senators, one of the facts mentioned by the right honourable gentleman (Right Hon. Mr. Meighen) seems to me the principal reason why we should support this Bill. I can say that in eastern Ontario—the only part of the country with which I am well enough acquainted to speak in this connection—for every well-furnished, up-to-date cheese factory there is at least one, if there are not two or more, in a deplorable condition. I have been surprised that the manufacture of cheese for export should be permitted in some of the places I have seen. This Bill, it seems to me, provides a remedy that will go to the very root of the trouble.

The right honourable gentleman says that Western manufacturers have already modernized their plants. Well, I would point out that the pioneer cheesemaking was done in the older parts of the country, in Ontario and Quebec. That is where the great Canadian cheese industry was built up, an industry whose products have met with so much favour abroad. It is principally old pioneer factories that are in need of rehabilitation. We cannot hope to hold our valuable export business unless we continue to supply the highest grade of products, and certainly modernized factories will help us to do that. It is because this Bill will encourage the modernization and general improvement of factories that I think it so worthy of our support.

My honourable friend from Alma (Hon. Mr. Ballantyne) seems to think that the farmers themselves will not benefit greatly under this Bill. His city of Montreal is surrounded by a thickly populated, old and fairly rich dairy district in which, I think, cheese is not one of the principal products. I am not sure of that, but my understanding is that the milk produced in that district is used principally for butter or for the fluid milk supply of the city. The situation there is very different from that in eastern Ontario, where cheese factories are relatively far more important. It is true that in eastern Ontario an enormous quantity of milk is now being sold to condenseries. That is partly explained by the drop in demand for milk by the cheese-makers there. Many of the factories had become antiquated and their products could no longer compete with those of factories in Oxford and some of the other rich counties in western Ontario.

I repeat my belief, honourable senators, that this Bill will supply a remedy that will go to the root of the trouble with the cheese industry in eastern Ontario and in Quebec.

Hon. Mr. BALLANTYNE.

Hon. Mr. MARSHALL: I should like to say a few words in reply to the criticism expressed by the right honourable leader on the other side (Right Hon. Mr. Meighen), which criticism he made, I know, with a view to being helpful.

The Government must see that the bonus does reach the farmer. All cheese is now sold at public auction on cheese boards, and the price is published every day. Regulations made under this Bill will compel operators of factories to pay the farmer as high a price as can be paid, consistent with the selling price of cheese, and of course the farmer will get the bonus besides.

Right Hon. Mr. MEIGHEN: In what way will operators be compelled to do that?

Hon. Mr. MARSHALL: I think there will be no difficulty in making reasonable arrangements with them to do so.

Right Hon. Mr. MEIGHEN: It will be part of the contract?

Hon. Mr. MARSHALL: Yes. As a matter of fact, there are only nine cheese factories in Saskatchewan and nine in Alberta, while in Ontario there are 635 and in Quebec 388. I do not want to say anything at all against cheese produced in Western Canada, but I must point out that because of climatic conditions, or some other conditions which nobody has ever been able to explain, it has not been possible to produce as high a grade of cheese in the West as in Ontario and Quebec. Consequently all the milk produced in those three Prairie Provinces, other than that which is sold as fluid milk, is manufactured into butter.

Right Hon. Mr. MEIGHEN: Their butter plants are large and modern too.

Hon. Mr. MARSHALL: Oh, yes, they have good butter plants. The Federal Government gave assistance towards the establishment of butter plants in the early days, and since that time Alberta has been fortunate in that a number of expert dairymen have come there from Denmark, probably because the provincial Dairy Commissioner, Mr. Christian Marker, was a Dane. It is interesting to recall that Mr. Marker came to this country from Denmark when a young man. He was unable to speak English, and the only work he could secure was as a stable cleaner for Mr. William Davies. He was in that employ when he was discovered by Mr. Ruddick, Dairy Commissioner for Canada. Mr. Ruddick became interested in him and learned that he held certificates from dairy schools in Denmark, and then got him to go to the North West

Territories, where he was first employed with a travelling dairy. He later became Dairy Commissioner for Alberta, and, afterwards, Professor of Dairying in the University of Alberta. Mr. Ruddick considered he was one of the best dairymen in Canada. As I say, a number of other very able dairymen came there from Denmark, men like Dan Morkeberg and Peter Pallison. Mr. Pallison was the noblest Roman of them all. These people established an entirely different standard of butter, with the result that they were imitated by other producers in the province.

Hon. Mr. HAIG: What is the No. 1 butter province in Canada to-day?

Hon. Mr. MARSHALL: Manitoba is. But it did not hold that distinction when I was living in Alberta. In those days Alberta produced the best butter in the West and won the highest prizes at fairs.

My honourable friend from Alma (Hon. Mr. Ballantyne) said that a farmer would lose money as a result of this Bill. Well, he will lose less than he is losing now if the price of cheese is increased by two cents. It is all right to say that a man cannot produce milk and sell it for 74 cents a hundred pounds, but the fact is that this is being done.

Hon. Mr. BALLANTYNE: But he loses on it.

Hon. Mr. MARSHALL: No, he does not, because he has nothing to lose. That reminds me of the story about the young farmer who went to a Farmers' Institute meeting, where the speaker emphasized the importance of keeping books. Next winter the farmer went to a similar meeting, and when the same speaker again appeared he said to him: "I do not want to hear anything more from you about keeping books. After what you told me last year I started to keep books and I seemed to lose money every month. I went into the hole for the first time in my life. I used to make out not so badly before." As a matter of fact, farming is not so much a business as it is an occupation. A man, his wife and two or three children, as the case may be, go on a farm, and once they get to own it they have a home for themselves. Even though they make but little money, you would be surprised at how much they can save.

Hon. Mr. BALLANTYNE: Does my honourable friend say that a dairyman can make a profit out of selling milk at a dollar per hundred pounds?

Hon. Mr. MARSHALL: I know men who have sold milk at that price and have built good houses and barns.

Hon. Mr. BALLANTYNE: Not with what they made out of milk.

Hon. Mr. MARSHALL: Milk was their chief product. I should like to see a higher price, because I do not think a farmer should have to sell milk for any purpose whatever at less than \$1.25 per hundred pounds.

The lowest price for milk has been paid by cheese factories. In Ontario the Milk Board has fixed a ratio between fluid milk and manufactured milk, and farmers who are supplying milk to plants which make milk powder are getting a higher price now. I hope to see the day when in this country we shall follow the plan that has been adopted in England. There all the milk is pooled and the price is averaged, so that every producer gets the same price, regardless of what his milk is used for. In order to keep the price from falling below a certain level the Government contribute a bonus, which last year amounted to over £400,000, about \$2,000,000.

From this Bill the farmer will get an increase in price of about fourteen or fifteen cents per hundred pounds over what he is getting now. I will guarantee that with that increase he will be able to make a little more money and live a little better than he does at present.

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

MOTION FOR THIRD READING

Hon. Mr. DANDURAND: Honourable senators, as this is a money Bill, which we cannot amend—

Right Hon. Mr. MEIGHEN: Oh, we certainly can amend parts of this Bill.

Hon. Mr. DANDURAND: Of course we can amend some of its clauses. If no honourable member wishes to propose any amendment, I would suggest that third reading be taken now.

Right Hon. Mr. MEIGHEN: The Bill is one which we could amend if we desired to. Of course I would not think of suggesting any amendment to its money features. I read the Bill with some care, and at the time it occurred to me that in one place an amendment might well be made. I cannot now find the place, and, as I know the amendment was not very important, I have no objection to third reading being given now, without a reference of the Bill to committee, unless some honourable member would like a reference.

Hon. Mr. MARSHALL: Honourable senators, with leave, I move the third reading of the Bill now.

Right Hon. Mr. MEIGHEN: Just a moment, please. I notice that in another place the Minister of Agriculture stated very definitely more than once that the 50 per cent assistance for each of the two purposes already mentioned would be given only when moneys are expended for raw materials. Are we quite certain that that is the effect of the Bill?

Hon. Mr. MARSHALL: It does not say that in section 4.

Right Hon. Mr. MEIGHEN: No. It says:

The Governor in Council may grant out of moneys appropriated by Parliament for the purpose a sum not exceeding fifty per centum of the amount actually expended for enlarging, if necessary, efficiently insulating and mechanically refrigerating cheese ripening rooms of existing factories and for new equipment and essential parts of cheese pressing equipment required for the purpose of standardization of the diameter of cheese.

The same words virtually apply to the other purposes.

Hon. Mr. SINCLAIR: Section 3 includes labour.

Right Hon. Mr. MEIGHEN: Yes. I did not call attention to this sooner because after reading the Bill to-day, and the remarks on it in the other House, I assumed it was so worded; but on looking over the Bill now, prior to its final stage, I do not believe it is so worded.

Hon. Mr. MARSHALL: No. I feel quite sure it is not, from my reading of the Bill; nor did I find anywhere in the discussion in the other House, which I read with reasonable care, any statement other than that it was 50 per cent of the actual cost, which of course includes labour as well as material. I cannot read the wording of section 4 in any other way than to mean, and I think it ought to mean—

Right Hon. Mr. MEIGHEN: Did the honourable senator read the Minister's remarks?

Hon. Mr. MARSHALL: I did. I cannot be certain as to what he did or did not say; I do not remember.

Hon. Mr. HAIG: I suggest the Bill stand for third reading so that the honourable senator from Peel may have an opportunity to ascertain what the Government did intend.

Hon. Mr. MARSHALL: There is no objection?

Hon. Mr. DANDURAND: No. Third reading to-morrow.

Hon. Mr. MARSHALL.

TORONTO HARBOUR COMMISSIONERS BILL

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 95, an Act respecting the Toronto Harbour Commissioners.

He said: The purpose of this Bill is to empower the Toronto Harbour Commissioners, for and at the expense of the City of Toronto, to construct, operate, and so forth, the Toronto Island and Toronto Malton airports; to validate all acts of the commissioners in respect of the work done in construction and development of the said airports and all agreements entered into by the commissioners for such purposes; to empower the commissioners to enforce zoning regulations for the purpose of providing unobstructed air space for the landing and taking off of aircraft, and to take expropriation proceedings in connection therewith; to extend and apply the provisions of The Toronto Harbour Commissioners Act, 1911, relating to the jurisdiction of the commissioners and the exercise of powers thereby, to the said airports and to persons engaged in the operation of aircraft, and to empower the commissioners to make by-laws for the regulation and control of the said airports and all persons engaged in the operation of aircraft at such airports.

Honourable members will see that schedule A sets out the agreement made on February 23, 1939, between the Corporation of the City of Toronto and the Toronto Harbour Commissioners.

Right Hon. ARTHUR MEIGHEN: I have read the Bill, and I should like the leader of the Government to tell me in a brief and general way what the arrangements are. All that is done by the Bill is to ratify contracts already entered into by the Harbour Board regarding the construction of an airport on what is called Toronto Island—about a mile beyond the city, in the lake. We do that because we have authority in respect of harbours.

The Bill provides also that the Governor in Council may make regulations regarding landing places for airplanes. I presume the Toronto Harbour Board are providing the airport with its own funds.

Hon. Mr. DANDURAND: I think, with the help of the City.

Right Hon. Mr. MEIGHEN: Yes. The main contract they entered into was with the City of Toronto.

Hon. Mr. DANDURAND: Yes.

Right Hon. Mr. MEIGHEN: Who is to operate the airport, and why do the Government decide how it is to be operated? I am not saying they could not so decide. They certainly should in an emergency have the right to occupy it entirely. What are the rights of the City of Toronto on the one hand and of the Government of Canada on the other?

Hon. Mr. MURDOCK: That is all set out in section 4 of the agreement, on page 4 of the Bill. It defines what the commissioners are to do:

The commissioners shall, in particular, but not so as to restrict their general powers and duties, have in respect to the airport the following powers and duties, namely:—

(a) To lease, upon such terms and conditions as the commissioners may deem advisable, any land forming part of the airport but not required for purposes of the airport proper, for any term not in excess of two years and to execute any document in connection therewith on behalf of and in the name of the City;

(b) To negotiate leases of any of the said land for terms in excess of two years or sales thereof and to make recommendations in respect thereto to the council of the City. No such lease or sale shall be made except in strict conformity with the rules and regulations pertaining to airports as from time to time in force;

(c) To effect collection of all such tolls and revenues as may from time to time be authorized by the said regulations;

(d) To keep, observe and perform on behalf of the City the covenants, provisos and conditions by the City to be kept, observed and performed contained in the leases to His Majesty the King and Trans-Canada Air Lines hereinbefore referred to and in any lease hereinbefore or hereafter entered into of any portion of the airport and to enforce on behalf of the City all covenants, provisos and conditions by the lessee to be kept, observed and performed by the terms of any of the said leases;

(e) With the approval of the Commissioner of Assessment of the City, to dispose of any buildings or structures on the airport not required for airport purposes.

(f) To maintain insurance to such amount as will protect the City and the commissioners from any claim for damages for personal injuries (including death) or for damages to property, arising from any alleged negligence in the construction or operation of the airport.

My friend to the left (Hon. Mr. Robinson) tells me that section 2 of the agreement covers the matter entirely. I will read it with the introductory words:

Now, this agreement witnesseth that the parties hereto have agreed as follows:—

Then comes section 1. This is section 2:

The commissioners will control, maintain, manage and operate the airport and any additions thereto on behalf of the City subject to the leases aforesaid and subject to the provisions of this agreement so as to secure the most effective operation of the same consistent with good management.

As I understand, all this Bill does is to have the agreement ratified by the Government.

Right Hon. Mr. MEIGHEN: I read the Bill and recognized that the schedule contains the contract between the City of Toronto and the Toronto Harbour Commissioners, and that the commissioners are bound to live up to the covenants.

Hon. Mr. DANDURAND: But under regulations issued by the Minister of Transport.

Right Hon. Mr. MEIGHEN: The situation must be this. The City of Toronto acquired the property for the purpose and entered into an agreement with the Government of Canada and the Trans-Canada Air Lines to build an airport and to give certain rights therein to the Government and to the company. The City also made an agreement with the harbour commissioners to operate the port and deal with properties not included in the leases, and to indemnify the City and keep all the covenants which the City had entered into with the Government and the airlines company. The supervisory control of the Government, I presume, consists only in their general regulations as regards the landing area needed, and would apply to every airport. If my general conception of the Bill is right, I am satisfied. I do not wish to take up time unnecessarily.

Hon. Mr. DANDURAND: In the other House the Minister explained that this arrangement was carried out according to general rules by which the Government help the various municipalities that have airports. So the cost to the federal treasury or Trans-Canada Air Lines is considerably reduced.

Right Hon. Mr. MEIGHEN: Oh, yes.

Hon. Mr. DANDURAND: I will ask the Minister to furnish the Senate with the regulations which govern the organization of airports.

Right Hon. Mr. MEIGHEN: Yes, I should like to see them.

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.

DIVORCE BILLS

SECOND READINGS

On motion of Hon. Mr. Robinson, Chairman of the Committee on Divorce, the following Bills were severally read the second time:

Bill P2, an Act for the relief of Dorothy Gertrude Mary Huggins Yaun.

Bill Q2, an Act for the relief of Lola Margaret Miller Atkinson.

Bill R2, an Act for the relief of Zeno Bruck.

Bill S2, an Act for the relief of Esther Steinberg Soloway.

Bill T2, an Act for the relief of Sarah Sherry Miller.

CANADIAN NATIONAL-CANADIAN PACIFIC BILL

SECOND READING

The Senate resumed from yesterday the adjourned debate on the motion for second reading of Bill I2, an Act to amend the Canadian National-Canadian Pacific Act, 1933.

Hon. Mr. HAIG: Honourable senators, I had finished my remarks on this Bill, but I understand the honourable member from Edmonton (Hon. Mr. Griesbach) desires to ask me a few questions.

Hon. Mr. BALLANTYNE: Not now.

Hon. Mr. HAIG: Thank you. That is all I have to say.

Right Hon. ARTHUR MEIGHEN: Honourable senators, it is with considerable reluctance I rise to say something further on this motion.

I regard this measure as having a political purpose, and no other. I may be understood if I question the desire of the Government that it pass. I realize the difficulty this proposed legislation involves. When you are asked to do something for a special class, an organized group, you lose vastly more by refusing to do it than by doing it. The mass take little interest in the proposal, but the special class are on the alert with respect to it. I make no appeal to anyone in particular. I want to state very clearly my own view of this kind of legislation, and to put on record one or two observations which may in the future be of considerable account.

This Bill has two purposes. First, there is the relationship of the Government-owned railway to its own employees. It legislates as to that relationship and imposes certain obligations on the railway. Second, there is the relationship of the privately-owned railway to its employees.

Hon. Mr. DANDURAND.

A contention which sounds much like an argument in favour of the Bill is that inasmuch as any economies benefit the railways, and are made because of the requirements of a statute, therefore, if any railway employees are adversely affected and suffer a loss, the Government-owned railway on its part, and the privately-owned railway on its part, should make that good. An instance was given of a certain unit of co-operation in Ontario where \$80,000 would be saved to the Canadian National by the discontinuance of services no longer required. It was said that men would be demoted, or possibly be laid off and have to get other positions, and that inasmuch as savings are made under the appeal, at least, of legislation, some compensation should as a matter of principle be paid to those men.

The Government-owned railway takes out of the pockets of the taxpayers of Canada, rich or poor, everybody alike, according to the most equitable scale of application that Parliament can devise, approximately \$54,000,000, entirely apart from any interest we have to pay upon huge loans raised in years gone by and advanced to this railway by the country. Why interest should be disregarded I do not know, but we will disregard it because it is the habit to do so, and in order that no one may question the figures. We tax this year to the extent of \$54,391,000, and in order to make the amount a little less, where service on the railway is not necessary, we make a saving of \$80,000. Then it is argued that because we have to tax only to the extent of \$54,311,000 we should take some of the \$80,000 and give it to those affected by the change. We know that in doing this we take the money from those who themselves have been affected by similar changes, perhaps scores of times. In fact, we cannot take it from anybody who has not been similarly affected many times in his life by reason of economic alterations in the whole scheme of a free country. To them we say: "We are going to make you contribute to this special class. We do this because you are taxed only \$54,311,000 instead of \$54,391,000." I hope the force of this reasoning appeals to honourable members.

These things carry us to one end, and one end only. We help A, we help B, we help C—and we can go on and help everybody all down the alphabet as far as Y; but there is one group we cannot help. We cannot possibly do the same for group Z. All the while we are increasing the load on Z, for there is nowhere else to place it.

I have in my eye the honourable senator from Peel (Hon. Mr. Marshall), who told us about the struggle of Z. What he said is true. I have been in the midst of that

struggle all my life. I am making no personal appeal; I know I am not in that class; but I know something of it. Almost half the population of the country are in that class, and on their condition, more than on that of all others together, depends the well-being of everybody. That it is popular to do what is now proposed I have no doubt, but it is not fair, it is not right; and when you attempt to assist a class by this means you have Fascism complete.

Hon. Mr. DANDURAND: Have what?

Right Hon. Mr. MEIGHEN: You have Fascism complete. You are handling your country just as Hitler is handling Germany. And the men who are calling for all these things are the men who are screaming against National Socialism and all it means. With every demand they are driving us closer to it.

Now I take the other phase, for I want to be very brief. We are saying to the privately-owned road: "You have effected some economies in your operation. You always had a right to do that. You would have done it in any event, no doubt, though perhaps in another way. That is your business. But we are going to make you pay to your employees a part of those savings." I wonder whether Parliament considers the responsibility entailed in that.

I will recall when, because of impending bankruptcy, a bankruptcy which would affect the Government of Canada as an integral unit, because it was the mortgagee of the property, we found it necessary to make an arrangement with the Grand Trunk Railway. The Grand Trunk Railway implored us to do something to prevent the consequences to Canada. The importunity continued month after month for years, until the consequences came so close that we had to act. We acted, not by compulsion, but by an agreement in the terms of which both sides had their full say. Under the terms of that agreement a board of arbitrators was to decide what rights stockholders of the agreeing company were to have. And the terms of the agreement were followed to the letter. But to this hour Canada has stood indicted before the citizens of Great Britain with having acted wrongfully, with having interfered with their business, and the credit of Canada has suffered. I do not think, and never did think, there was the shadow of a ground for any complaint; in fact, I am certain there was not. Is it possible that honourable members can even conceive of the possibility of a corresponding case arising in Canada?

I speak only as a Canadian. I have never had the faintest affiliation, connection or

business association—not even to the extent of a ten-cent piece—with the Canadian Pacific Railway Company. Much that I have felt it my duty to do publicly has been impeached and derided by it; but I am Canadian enough to recognize that there is no single institution on which the success and integrity and name of Canada depend so much as upon the Canadian Pacific Railway. In the eyes of the world it is more or less synonymous with Canada; it is our greatest institution. Its prospects are by no means as bright as they were years ago. Parliament in the past has seen fit to enact legislation affecting that company, and all railways, in respect of what we conceived to be public rights. But Parliament now for the first time undertakes to legislate as respects private rights in relation to the Canadian Pacific Railway, wherein the public are in no way affected; as respects the private rights of certain men in its own employ. There is no doubt that the company has the right, if it sees fit, to make agreements covering this matter, and it must be agreed that all would be glad if it could and would do so; but it is another thing for us to legislate and thereby erect an obligation against the Canadian Pacific Railway in favour of certain of its employees.

What if the prospects of the company become darker still? It is not beyond the imagination of anybody that they might. They are pretty dark now for many of those who put up vast sums for the company and hold company securities. The preferred and the common stockholders get nothing now, and the common stockholders have not received anything for years. So the denial of any return whatever on securities comes home to all shareholders in all the lands of the world. Should the days get darker still, in what position will the people and the Government of this country stand? Will the position of the Government be nearly as good as it was in respect of complaints of senior shareholders and preferred stockholders of the Grand Trunk? We did not legislate on any private obligation of the Grand Trunk. If we had done so, we should be in a very humiliating position to-day: we could not answer the allegations levelled at us. I wonder if the Government have considered that the day may come when allegations based on this very legislation will be levelled at the Dominion of Canada, allegations that I for one could not answer. Standing in my place as a member of Parliament, I ask the Government to tell me what their answer would be.

Hon. Mr. DANDURAND: I have a few observations to make on that point.

Right Hon. Mr. MEIGHEN: I hope so. I tell the Minister again that for the first time in history we are interfering in the private business of a company, not as respects the public, but with respect to its own employees. We are creating obligations which are binding on the company. Will there be no responsibility on us who do this thing if the day comes when these securities are universally regarded as worthless and the credit of Canada suffers?

I ask the Government to consider these matters, and I ask honourable members to consider them, because I for one am not at all sure that in years to come we shall not be debating the wisdom of what has been done.

Hon. W. A. GRIESBACH: If the honourable gentleman (Hon. Mr. Dandurand) is about to speak on the Bill, I might seize the opportunity for a moment or two of introducing another thought on which he may cogitate. Under the McAdoo award all contracts between the railways and their employees observe the principle of seniority to the limit. Where economies are to be achieved by the laying off of employees, the senior men bump, as the expression is, the men junior to them, and so on down to the bottom of the list. That is to say, when engineers are laid off they are taken on as firemen, and junior firemen are then laid off and bump the wipers beneath them. And so it goes. From this it is fairly obvious that the men who will be laid off in large numbers are the juniors.

Hon. Mr. DANDURAND: Hear, hear.

Hon. Mr. GRIESBACH: These junior men range in age from thirty to thirty-five and forty. They are usually married, fathers of young and growing families, and it so happens that large numbers of them served in the late war. Upon their return from overseas they entered into the railway service in good faith, but they have never got far enough ahead to be unaffected by legislation of this kind. They have perhaps ten, twelve, fifteen or more years' service to their credit, and it is they who will suffer, who will be the victims of reductions in expenditures.

Now, it seems to me that there would be more justification for paying a pension to men at the age of sixty, who have thirty or thirty-five years' service, than for giving the form of assistance that is proposed here to active men who are prepared to put in a full day's work every day and who need to do so in order that they may carry out their obligations to their wives and families. Of course, I know that matters of this kind are worked out on an actuarial basis. The retirement age for railway employees is now sixty-

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five, and throughout the country there are a considerable number of men between sixty and sixty-five who are driving engines. In many instances I think they are too old for the job, because the responsibility of being in charge of a powerful engine with a long passenger train behind it is very great. I want to inquire whether it would not be a good thing to retire railway men at sixty, to pension them off then for their own good and also in order to create employment for men who are junior to them.

I agree with the statement that this Bill does not represent the final step that will have to be taken along the same line. It merely marks a beginning. I am one of those who believe that the worst days for the railways are yet to come; that the railway business is a dying one.

Hon. Mr. POPE: Hear, hear.

Hon. Mr. GRIESBACH: Except for long-haul traffic and temporary increases that occur in the freight and passenger departments in winter, the railway business is gradually failing. And it cannot be resuscitated. It is the victim of new methods, just as the business of sawing wood by hand is, and the washing of clothes by hand. Every year the number of good highways is increasing, and more and more motor cars and trucks are brought into use. We see on the roads now trucks that for size and capacity match a railroad freight car. If the principle of this Bill is extended from time to time, perhaps at the end of twenty-five years the complete staffs of both railways, from the presidents down, will be on some kind of dole.

I repeat that this Bill is merely a beginning. It establishes a precedent which not only is unsound, as has already been pointed out, but may lead to a burden so heavy as to be beyond our resources. That is an aspect I do not like. If the Bill is put to a vote, I shall be quite willing to vote against it.

Hon. J. A. CALDER: Honourable senators, I am afraid that developments, not in Canada alone, have gone a little too far for us not to realize that elsewhere, at least, a certain principle has been adopted with respect to compensation for railway employees who are thrown out of their jobs. What is the situation? From evidence given before our Special Railway Committee it would appear that when some 120 British railway companies were amalgamated into four groups, all parties concerned—the State, the companies and the employees—agreed that there should be some compensation for employees whose jobs were abolished in whole or in part. I should like to know on what basis that compensation was

arranged; whether it was done by statute or by agreement between the employees and the railways. Then there was the Washington agreement, referred to in this House by the honourable leader of the Government (Hon. Mr. Dandurand). I asked him whether that was the result of a statute, and he said that it was not; that there had been an arrangement between the companies and the men. So far we in this country have not attempted to declare by statute what should be the relationship as between specific employers and employees, either as to wages or compensation, under any special conditions.

My position is, briefly, this. I agree that in the situation which has arisen in Canada there is ground for giving employees what might be regarded as reasonable compensation, but until we have more evidence as to the attitude of both the companies and the employees concerned I must take the stand that the matter is largely, if not entirely, one for settlement between them. What did Sir Edward Beatty say? He said, without any equivocation, that if the railways were unified the question of compensation would be dealt with.

Hon. Mr. BALLANTYNE: By statute?

Hon. Mr. CALDER: No. He said that would be a matter of agreement between the Government and the companies.

Hon. Mr. KING: And that it could be taken care of.

Hon. Mr. CALDER: And that it could be taken care of. We are attempting to do by statute now what should be a matter of agreement by the Government—as representing the Canadian National Railways—the Canadian Pacific Railway and the employees of both companies. What evidence have we that the proposals contained in this Bill are satisfactory to anybody? How were these figures arrived at? Where did they come from? We have no evidence about these things at all. We do not know whether the matter has been considered or discussed by the parties who would be chiefly affected. We as a Senate are asked to give second reading to the Bill without any of that information before us. I am opposed to our doing so. While I agree with the principle of compensation, my view is that the matter dealt with in this Bill is very largely, if not entirely, one that should be settled between the railway companies and their employees, on a basis satisfactory to them, not necessarily to the Senate.

I repeat that we do not know anything about the matter. We are unaware how the figures were arrived at. Unless it is understood that the Bill will be sent to a committee, where

the necessary information could be obtained, why should we be asked to consent to second reading and approve the principle of the measure? I cannot do that in the circumstances.

Hon. RAOUL DANDURAND: Honourable senators, I will deal first with the last point mentioned by my honourable friend from Saltcoats (Hon. Mr. Calder). If the Bill is given second reading, and if honourable members desire to send it to our Railway Committee, I shall ask representatives of the railways to be present there in order that we may obtain their views, as well as those of experts from the Department of Railways, who decided upon the figures that are contained in the measure.

I will now attempt to answer, so far as I can, the criticisms made by honourable members against the principle of the Bill. I draw attention to the table contained in the schedule, on page 3. There it is shown how the period during which pensions would be paid is determined by the employees' length of service. For instance, an employee whose length of service was one year and less than two years would receive a monthly salary for six months.

Hon. Mr. ROBINSON: Would it not be sixty per cent of the monthly salary?

Hon. Mr. DANDURAND: Yes, it would be sixty per cent.

Section 4 of the schedule, on page 5 of the Bill, provides:

An employee who is eligible to receive an adjustment allowance under paragraph 2 of this schedule may, at his option, to be exercised within thirty days after the effective date of any such measure, plan or arrangement, resign and (in lieu of an adjustment allowance and all other benefits and protections provided in this schedule) accept in a lump sum a separation allowance determined in accordance with the following table:

Length of Service	Separation Allowance
1 year and less than 2 years..	3 months' pay
2 years and less than 3 years..	6 months' pay
3 years and less than 5 years..	9 months' pay
5 years and less than 10 years..	12 months' pay
10 years and less than 15 years..	12 months' pay
15 years and over.....	12 months' pay

One month's pay shall be computed by multiplying by 30 the daily rate of pay applicable to the position last occupied prior to the date of the measure, plan or arrangement.

As was pointed out by my honourable friend from Edmonton (Hon. Mr. Griesbach), it is the junior employees who will be laid off first, to make way for their senior colleagues who are gradually moved down the scale. In other words, the men laid off will be those with the least number of months' or

years' service; so the charge upon the railways will not be as heavy as if among the employees laid off there were a considerable number of men with more or less lengthy seniority. I am not in a position to give figures upon this point at the moment, but this is information which could be asked for and received by the committee.

Hon. Mr. GRIESBACH: I think most of these junior men will have service of around ten or twelve years. You see, below them again is a great fringe of men who are not entitled to compensation, because they have not been permanent employees, having been taken on only for short periods every now and then.

Hon. Mr. DANDURAND: It is the younger men who will be forced out, as they are replaced by employees senior to them.

Hon. Mr. GRIESBACH: It will mean that in time there will be no young men in the railway service at all. We shall be waited on in the dining car by greybeards, and in the chair car by Uncle Toms, with near-octogenarians all over the system.

Hon. Mr. DANDURAND: But I would remind my honourable friend that according to evidence given before the Special Railway Committee the necessary attrition over a period of five years would be such as gradually to require the bringing back of all these men into the service.

Hon. Mr. BALLANTYNE: May I ask my honourable friend what caused the Government to act in this instance? Did the management of the Canadian National request—

Hon. Mr. DANDURAND: Will my honourable friend allow me to proceed, and postpone his question till I have finished? As I have said, it will be the younger men, those at the bottom of the ladder, who will be laid off as their senior colleagues are demoted. But, if we are to accept the evidence given before the committee, natural attrition will make necessary the gradual recall to the service of all these men who are laid off.

The Railway Act, Chapter 170 of the Revised Statutes, 1927, makes the following provision with respect to compensation of employees who are moved by a railway from one place to another. Section 179 says:

The company shall not, at any time, make any change, alteration or deviation in the railway, or any portion thereof, until the provisions of the last preceding section are fully complied with, nor remove, close, or abandon any station, or divisional point nor create a new divisional point which would involve the removal of employees, without leave of the Board; and

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where any such change is made the company shall compensate its employees as the Board deems proper for any financial loss caused to them by change of residence necessitated thereby.

It will be seen that the Railway Act already imposes upon railway companies the principle of compensating employees who may be affected by any change, alteration or deviation of their lines.

Hon. Mr. CALDER: But we have never attempted to fix that compensation by statute.

Hon. Mr. DANDURAND: No; but the Railway Act imposes that obligation upon the railways.

Hon. Mr. CALDER: Oh, yes.

Hon. Mr. DANDURAND: The Act of 1933 does not impose a condition, but declares, by clause 16:

The National Company, for and on behalf of itself, . . . and the Pacific Company, for and on behalf of itself . . . are . . . directed to attempt forthwith to agree and continuously to endeavour to agree, and they respectively are, for and on behalf as aforesaid, authorized to agree, upon such co-operative measures, plans and arrangements as are fair and reasonable and best adapted . . . to effect such purposes.

Then this follows:

They are further directed that whenever they shall so agree they shall endeavour to provide through negotiations with the representatives of the employees affected, as part of such measure, plan or arrangement or otherwise, for a fair and reasonable apportionment as between the employees of National Railways and Pacific Railways, respectively, of such employment as may be incident to the operation of such measure, plan or arrangement.

It will be seen that Parliament was thinking of the men who might be laid off and whose positions would be affected.

Hon. Mr. CALDER: The railway companies never did anything under that direction.

Hon. Mr. DANDURAND: As a matter of fact, since 1933, lines have been abandoned and pooling arrangements made, but men have been laid off without any compensation whatever.

Hon. Mr. CALDER: Do I understand that the Act of 1933 contains a direction to the railway companies that where savings were effected through co-operation they should provide reasonable and suitable compensation for the men affected?

Hon. Mr. DANDURAND: The word used is "apportionment," not "compensation." I will read the last few lines again:

—shall endeavour to provide, . . . for a fair and reasonable apportionment as between the employees of National Railways and Pacific

Railways, respectively, of such employment as may be incident to the operation of such measure, plan or arrangement.

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

Hon. Mr. DANDURAND: It was an attempt to establish a rule by which those employees who might, for instance, be affected by a pooling arrangement should be transferred to such other employment as could be offered.

Right Hon. Mr. MEIGHEN: By arrangement.

Hon. Mr. DANDURAND: The Act did not go to the extent of directing that those men should be given a bonus or compensation.

As I stated when I moved the second reading, a similar situation as between the carriers and the employees in the United States had to be considered, and they entered into the agreement which appears in Senate Hansard. This Bill is virtually on the same lines.

Right Hon. Mr. MEIGHEN: But one is an agreement and the other is legislation.

Hon. Mr. DANDURAND: I would draw the attention of the House to this fact. Parliament, representing the shareholders of the Canadian National Railways, has decided to give compensation to the men who may in future be laid off by the abandonment of lines under the Act of 1933. My right honourable friend speaks of the heavy burden that the country is already carrying, and wonders whether it is proper to compensate those men at present, when we are proceeding under an Act of Parliament to abandon lines or organize pooling arrangements. I might join issue on this point and say that if those men in the present condition of the country are laid off and given no compensation whatever, the State will have to give them help in another form.

I come now to the principal point of my right honourable friend's argument: even if we, the shareholders of the Canadian National, the people of Canada, should put our hands into our pockets and give those men compensation, by what right do we impose a similar obligation upon the Canadian Pacific? My honourable friend from Saltcoats (Hon. Mr. Calder) has brought up the very point I intend to make now. Sir Edward Beatty declared in very clear terms to the men of the Canadian Pacific, his employees, that they would be taken care of under his plan of unification. Now, I wonder—and I am ready to put the question to him if we go into committee—what distinction he makes between the treatment to be accorded the men who

will be laid off under co-operation, that is, under joint action by the Canadian Pacific and the Canadian National, and their treatment under the obligation he assumes towards them in the case of unification. Is this the bait he offered in order to secure their support of his plan for unification? I do not know. I simply accept his declaration that he binds himself to take care of his employees under unification. However, we are now under another plan; we are under the Act of 1933, which directs the two railways to proceed by co-operative measures. It is not unification nor amalgamation, but co-operation up to a point.

What was the purpose of the Act of 1933? Was it not to try to bring about such arrangements between the two railways as would produce economies to their mutual advantage? Surely that is the essential reason for that legislation. Are the employees of each railway system to be treated differently by the Canadian National or the Canadian Pacific because they lose their jobs under that Act and not under the plan of Sir Edward Beatty? I do not know whether he will ever attain his end in the campaign he has been carrying on for unification, but I know one thing: we are seeking to amend the Act of 1933 in order to try to bring him under the very obligation which he has assumed towards those of his employees who would lose their jobs under unification.

Right Hon. Mr. MEIGHEN: The honourable member's argument is: if a man says that under one condition in a business he is running he is prepared to do a certain thing, such a statement gives Parliament the right to compel him to do the same thing under other conditions.

Hon. Mr. DANDURAND: I would draw my right honourable friend's attention to a document which perhaps has escaped his notice. It is dated Montreal, November 15, 1938, and is signed by Sir Edward Beatty.

Right Hon. Mr. MEIGHEN: I have not seen it.

Hon. Mr. DANDURAND: I will read it: To General Chairmen of Employees' Committees and All Employees:

In view of the increasing public interest in the very clear necessity for some solution of the railway problem, and my own genuine belief that steps to rationalize the situation are at least as necessary in the interests of railway workers as in the interests of the Treasury, and that of railway investors, I believe that it might be timely for me to repeat, and perhaps extend, some remarks which I have already made on this point.

In evidence before a Special Committee of the Senate of Canada, sitting last spring, I showed that, in the first place, the statements

which are circulated, to the effect that unified management would involve the displacement from employment of 25,000 or 30,000 men, are entirely incorrect. As I told the Senate Committee: "I may point out the arithmetical fact that the annual turnover of railway labour on the Canadian Pacific is almost 5 per cent. Each year almost 5 per cent of our employees die, retire, seek other employment, or leave the service for other reasons. The total savings of labour under unification are estimated at 15 per cent to 17 per cent. Thus, assuming that the labour situation on the Canadian National System is approximately the same as on the Canadian Pacific, we can see that, in the five years, at least, which will be required to accomplish unification, a policy of not hiring additional workers would reduce the staffs of the two railway systems more than the savings of unification would involve."

In answer to a question by Senator Haig to me when I was giving evidence before the Senate Committee on Tuesday, May 24, I made the following reply:

"Of course you appreciate, Senator, that attrition goes on every year. That attrition will take care of more employees than we could ordinarily do without under the unification system. But we know that these men do not all retire at the same time, nor in the same percentages as among groups. For instance, a statement that appeared some time ago, with regard to the United States and Canada as well, indicated that the lowest percentage of turnover in railway labour was in train service, namely, two and one-half per cent. Now, it would take more than five years to absorb that. But it is not a very serious problem, in this way: the railways have three ways of meeting it—they can reduce the age at which men may voluntarily retire, from 65 to 60; they may do as was done in the United States, provide for an allowance to a man, graded on his service, over a period of years; or they could simply extend the period within which the maximum economy shall be secured. The last mentioned method would be the simplest of all. It might mean, for example, that we could not reach the full savings for seven years. I would not worry about that, if it meant that there would be no dislocation of labour; the only changes being made by those who voluntarily retire from the services, or die, or retire under the pension rules of the company. I have given this part of the subject a great deal of consideration, because I realized that what you said is true, as to the general feeling, and I also realized the unfairness to the men who became railroaders because they thought that railroad service offered a fair opportunity for a livelihood, and who have had nothing to do with the conditions that brought about this situation which we are viewing to-day. So I am prepared to go very far in meeting that human demand arising out of this situation. The British handled the matter in one way; the Americans did it in another. The British simply said that no man with more than five years' experience should be demoted or discharged in consequence of the consolidation. It took them quite a long while to work it out over there, but they are doing it and they have benefited from it, and labour is very well satisfied."

The relations between railway management and labour in this country are such that any conceivable management of a unified system will deal fairly with labour, but I suggested to the Senate Committee that there should be statutory provision for protection of the interests of

labour, confirming any agreement reached by negotiation between the employees and the railway companies at the time of unification.

It is clear that, in other countries, it has been found possible to formulate specific forms of protection for the interests of labour when measures are adopted to eliminate duplication of railway facilities and services. In view of the certainty that unification will be adopted in Canada, sooner or later, is it not advisable for us to take into consideration the methods which should be used to ensure that the interests of labour do not suffer in this eventuality?

My own feeling is very strong that, whether you like unification or whether, like myself, and all the officers of the Canadian Pacific Railway, you regard it as unfortunate that we must have it, but understand that it must come, the wise program would be, in the interest of all parties concerned, for you to study how it can be accomplished, while full protection of the interest of labour is maintained.

I have pointed out that arrangements for this purpose cannot be initiated by the Canadian Pacific Railway, since we are talking of a program which would involve two railway managements, and, on the whole, one great group of workers. That is, if provision for the protection of labour under unification is to be made, without leaving it to be done when—possibly in some great national crisis—unification suddenly comes about, the initiative in undertaking the study of how this protection could be provided must, as far as I can see, come from you.

It will be quite easy for a study of this subject to be made, without your feeling in the least that interest in it, and a desire to protect your interests under unification, automatically commit you to accepting the policy. In so many words, I am not asking you to say that you are in favour of unification. I am asking you to consider how unification could be accomplished without damage to your interests.

As I have said, I cannot commit the Government, which represents the owners of the Canadian National Railways, to any detailed arrangement. I know, however, that the Canadian Government will never be a party to any arrangement which does not give fair protection to workers. The Canadian Pacific stand I have expressed very plainly. Only from the workers can there be obtained a definite statement of what they think they should obtain in the way of protection.

One of the three ways I suggested might be adopted, or there might in effect be a combination of them. It could be provided that any employee eligible for pension might, voluntarily and of his own initiative, retire on reaching sixty years of age instead of sixty-five. In the case of the British amalgamation a statute was passed providing that any employee with more than five years' service could not have his position made worse as a result of the amalgamation, and generally employees could be fully protected in such an arrangement simply by extending the term during which economies would be effected, if it were necessary to do so. No doubt in some cases employees not eligible for pension or who had not reached the age of sixty years might desire to enter some other occupation than railway service if assured of separation allowances such as those provided for in the United States agreement. Under such arrangements displacements pending adjustments will not reach any considerable number at any one time, and no railway employee will be permanently

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deprived of employment, or suffer financial loss as a result of such adjustments.

I take it for granted that the unity of the interests of railway labour will be respected, and although, by necessity, I can only make this appeal for action in your own interest to the employees of the Canadian Pacific Railway, I assume that any plan which is suggested will contemplate absolutely equal treatment of the employees of both systems, and represent their joint opinion.

I should like to reiterate my reason for making this approach to you. The financial strain on the national Treasury has reached a point where public opinion will unquestionably demand a solution of the problem. My own solution—the only one which I can see—is unified management. Whatever the solution, it will inevitably take the form of an elimination of duplication of railway facilities and services in Canada. The situation is now such that, in a very disturbed condition of business and public affairs, the necessity for action may become so apparent at any time that no further delay will be possible. I believe very sincerely that it is in the best interests of railway workers that the question of how their interests are to be guarded should not be left for solution in haste, and under what may be unfortunate circumstances.

He closes his statement in the following terms:

I am therefore addressing this letter to you to make it very definite that the Canadian Pacific Railway Company is willing, as a term of unified management, to meet the views and protect the interests of labour in any of the three ways I intimated to the Senate and mention in this letter, and to point out again to you that when these arrangements are made with your full approval, this Company will request—

And I emphasize this last phrase—

—this Company will request that they be incorporated in any statute which authorizes unified management, as a permanent legal protection of the rights of labour thus established.

(Sgd) E. W. Beatty.

Right Hon. Mr. MEIGHEN: Hear, hear.

Hon. Mr. DANDURAND: Here we have Sir Edward Beatty saying, "You join in my plan of unification"—I presume that he would thereby make savings—"and I will take care of you, and will bind myself to have this incorporated in the Statutes." We also have the present Bill, under which abandonment may take place, and which is to be "incorporated in the Statutes." But abandonments will take place only with the consent of the two railways and when they know the cost of compensating the men who will be laid off along the various lines. Now, I would ask the Canadian Pacific whether, in the work which it will do under the Act of 1933, and by reason of which men will be laid off, just as they would be under the unification plan, it is not ready to treat the men as it would treat them under unification.

Hon. Mr. COTE: Has the Canadian Pacific been asked that question?

Hon. Mr. DANDURAND: My answer is that—

Right Hon. Mr. MEIGHEN: My question is still unanswered.

Hon. Mr. DANDURAND: —I am quite sure the officers of the Canadian National Railways and of the Canadian Pacific Railway were informed of the intended legislation.

Right Hon. Mr. MEIGHEN: Were what?

Hon. Mr. DANDURAND. Were informed. Now, the Canadian National Railways will have to accept the law of its shareholders in Parliament, but I have no objection to taking this matter before a committee and asking the Canadian Pacific Railway Company whether it has any objection to the terms of this agreement which would bind it for its share of the abandonment of various lines, now before us in the Special Railway Committee. I think that under these conditions the situation is not as critical or as difficult as would appear at first sight.

Hon. Mr. CALDER: May I ask the honourable gentleman one other question regarding the general situation? What I am inclined to fear is that if this Bill goes through there will be a very material slowing up of the efforts to secure co-operative economies.

Right Hon. Mr. MEIGHEN: It will be the end of them.

Hon. Mr. CALDER: I should like to have the honourable gentleman's views with regard to that feature of the situation.

Hon. Mr. DANDURAND: In view of the slowness with which these abandonments are approved by the Transport Board, I doubt very much whether the two railway companies, because of knowing they must give some attention to compensation of the crews affected, will be inclined to hesitate about making savings. It is possible. I am not ready to give a definite answer. But I wonder if the Canadian Pacific Railway would not be ready to do for its own employees under co-operation what it was ready to do for them under unification.

Right Hon. Mr. MEIGHEN: Will the honourable gentleman not answer the question I asked quite a while ago? He has not answered it yet.

Hon. Mr. DANDURAND: Would my right honourable friend repeat the question?

Right Hon. Mr. MEIGHEN: I put it again. Does the honourable gentleman contend that because the head of a business undertakes to do certain things on certain conditions Parliament has the right to force him to do those things under other conditions?

Some Hon. SENATORS: No, no.

Hon. Mr. DANDURAND: I am ready to go to the committee, and if the Canadian Pacific Railway declares that it will not give any compensation to its employees under the Act of 1933, I may, after consulting the Minister who has handed me this Bill, withdraw it as regards the Canadian Pacific Railway.

In closing, I simply want to sound a note of cheer for my honourable friend from Edmonton (Hon. Mr. Griesbach), who says the railway industry is a dying industry. I admit that returns have been declining—

Hon. Mr. CALDER: Not dying!

Hon. Mr. DANDURAND: —but our railway system covers so much territory that it is able to render a service which no truck or bus system can render. Therefore I am not as pessimistic as my honourable friend about the future of the railways. They will survive by getting together and co-operating as closely as possible with a view to reducing expenditure—if the Canadian Pacific does not get unification.

Hon. C. C. BALLANTYNE: Honourable senators, I am certainly at a loss to follow the remarks that have fallen from the lips of the leader of the Government. Time and time again the Minister of Transport, Hon. Mr. Howe, has said the Government do not interfere with the Canadian National Railways, and that the management of the road is in the hands of the board of directors, the president and the officers. A short time ago Mr. Murdock resigned from the board. When the Minister was questioned about that incident he said, "Neither myself nor the Government interfere with the management of the Canadian National Railways."

Hon. Mr. KING: And that was confirmed by Mr. Murdock.

Hon. Mr. BALLANTYNE: Now we have the Government placing before us the Bill under discussion. If the Government wanted to interfere with the management of the Canadian National, as apparently they do, it seems to me the first step would have been for the Minister to write the manager or president of the Canadian National saying that he thought the employees referred to in the Bill ought to be compensated, and to the Canadian Pacific Railway to see if some agreement could not be reached. By doing that the Minister would have progressed a long way. But instead the Government have brought down this Bill. I repeat a question which I asked the leader of the Government a few moments ago: What caused the Government to introduce the Bill? Did the Canadian

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National management ask for it? If so, would the proper course not have been for the Government to reply to the management that this was a matter which should be dealt with by the two railways? I am strongly of opinion that that should have been done. This Bill should never have come before Parliament at all, honourable senators. We know that this year is, or is likely to be, a remarkable one, and I believe that is the sole reason why the Bill was introduced.

Hon. Mr. MURDOCK: Six o'clock.

Hon. Mr. DANDURAND: We could perhaps give it the second reading now.

Hon. Mr. CALDER: I understand that if second reading is carried it will not mean that any one of us is committed to the main principle of the Bill at this time, the object being simply to get the Bill into committee. The only purpose of the measure is compensation for the employees concerned. We may agree that compensation should be given in one way or another, but we cannot vote on the principle involved here until we have more information.

Hon. Mr. DANDURAND: My honourable friend is quite right in stating that though agreeing to the second reading we shall be free to divide the Senate on the question of third reading, and to vote against the Bill if we so desire.

Hon. Mr. BALLANTYNE: Do I understand that, if second reading is agreed to, the honourable leader will move reference of the Bill to the Railway Committee?

Hon. Mr. DANDURAND: I will.

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

REFERRED TO COMMITTEE

Hon. Mr. DANDURAND: Honourable senators, I move that the Bill be referred to the Standing Committee on Railways, Telegraphs and Harbours.

The motion was agreed to.

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

THE SENATE

Friday, April 28, 1939.

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

Prayers and routine proceedings.

SCOTSBURN NO. 1 RURAL ROUTE,
 PICTOU COUNTY, N.S.

INQUIRY

Hon. Mr. TANNER inquired of the Government:

1. When were tenders last invited for the service of the Scotsburn No. 1 Rural Route, Pictou county, N.S.?

2. What persons tendered, and what was the amount of each person's tender?

3. To whom was the contract awarded, for what amount, and for what period of time?

4. Was a contract for such service awarded to James B. Ross, such service to begin at April 1, 1938, and to continue for four years after that date?

5. Was a contract in the terms mentioned in the preceding question executed and delivered to said Ross?

6. Was such contract with Ross subsequently cancelled; and if it was, for what reasons?

Hon. Mr. DANDURAND: I have the following answers for my honourable friend:

1. 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 at \$534 per annum for four years.

4. Yes.

5. Yes.

6. No, but in view of his poor equipment and lack of resources, the department reduced the term of the contract to one year, dating from the 1st of April, 1938.

WESTVILLE NO. 1 RURAL ROUTE,
 PICTOU COUNTY, N.S.

INQUIRY

Hon. Mr. TANNER inquired of the Government:

1. When were tenders last invited for the service on the Westville No. 1 Rural Route, Pictou county, N.S.?

2. What persons tendered, and what was the amount of each person's tender?

3. To whom was the contract awarded, for what amount, and for what period of time?

Hon. Mr. DANDURAND: I submit the following information for my honourable friend:

1. 10th of February, 1938.

2. Sanford R. Cameron, R.R. No. 3, Pictou county, \$700; R. Stewart Murphy, Westville, \$950; J. R. Morris, Westville, \$960; John Wm. Wadden, Box 531, Westville, \$1,000; James A.

Thompson, R.R. No. 2, Westville, \$1,000; Frank Millen, Westville, \$1,000; George Denoon, Westville, \$1,075; G. Alvin Fraser, Alma, \$1,140.

3. As a result of inquiry made by the District Director of Postal Services at Halifax, it was found that the first three lowest tenderers were unsatisfactory. The contract was awarded to John Wm. Wadden, who submitted a tender of \$1,000 per annum. This contract was awarded for a period of four years.

WESTVILLE No. 2 RURAL ROUTE,
 PICTOU COUNTY, N.S.

INQUIRY

Hon. Mr. TANNER inquired of the Government:

1. When were tenders last invited for the service on the Westville No. 2 Rural Route, Pictou county, N.S.?

2. What persons tendered, and what was the amount of each person's tender?

3. To whom was the contract awarded, for what amount, and for what period of time?

Hon. Mr. DANDURAND: These are the answers to my honourable friend's questions:

1. 4th of May, 1938.

2.

Arthur B. Morris, Westville	\$675
Thomas W. Jardine, Lansdowne No. 1 R.R.	779
Patrick Palmer, Westville	795
Robert Wallace, Westville No. 2 R.R. . . .	845
James A. Thompson, Westville No. 2 R.R.	900
Chester B. Rundle, Westville	900
James Clyde Fraser, Westville	900
Frank Miller, Westville	950

3. As a result of inquiry made by the District Director of Postal Services at Halifax, the lowest tenderer, Arthur B. Morris, of Westville, was found unsatisfactory and the contract was, therefore, awarded to Thomas W. Jardine, of Lansdowne No. 1 R.R., who submitted the next lowest tender of \$779 per annum. The contract was awarded for a period of one year.

CRIMINAL CODE BILL

FIRST READING

Bill 90, an Act to amend the Criminal Code.
 —Hon. Mr. Dandurand.

PRIVATE BILL

CONCURRENCE IN COMMONS AMENDMENTS

The Hon. the SPEAKER: Honourable members, a message has been received from the House of Commons returning Bill F, an

Act to incorporate The Associated Canadian Travellers, with amendments, to which they desire the concurrence of the Senate.

Hon. Mr. GRIESBACH: I am informed by the solicitor to the incorporators that the amendments are acceptable.

Hon. Mr. DANDURAND: Are they acceptable to the honourable senator?

Hon. Mr. GRIESBACH: I was about to say they are.

Hon. Mr. GRIESBACH moved that the amendments made by the House of Commons to the Bill be concurred in.

The motion was agreed to.

CHEESE AND CHEESE FACTORY IMPROVEMENT BILL

THIRD READING

Bill 88, an Act to Encourage the Improvement of Cheese and Cheese Factories.—Hon. Mr. Dandurand, for Hon. Mr. Marshall.

DIVORCE BILLS

THIRD READINGS

On motion of Hon. Mr. Robinson, Chairman of the Committee on Divorce, the following Bills were read the third time, and passed on division:

Bill P2, an act for the relief of Dorothy Gertrude Mary Huggins Yaun.

Bill Q2, an Act for the relief of Lola Margaret Miller Atkinson.

Bill R2, an Act for the relief of Zeno Bruck.

Bill S2, an Act for the relief of Esther Steinberg Soloway.

Bill T2, an Act for the relief of Sarah Sherry Miller.

FARMERS' CREDITORS ARRANGEMENT BILL

MOTION FOR SECOND READING—BILL WITHDRAWN

The Senate resumed from Wednesday, April 26, the adjourned debate on the motion for the second reading of Bill O2, an Act to amend the Farmers' Creditors Arrangement Act, 1934.

Hon. RAOUL DANDURAND: Honourable senators, when this Bill was before us last Wednesday for second reading I stated I had a vague recollection that I had been given the reason why the Act should continue in operation as respects farmers who are soldier settlers within the meaning of the Soldier Settlement Act. Accordingly I then

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moved an adjournment of the debate, as I deemed it advisable that, before agreeing to the principle of the Bill, which wipes out completely any recourse returned soldiers could have to the Act, I should be duly informed on the subject and transmit the information to honourable members.

I am advised that this was the reason for continuing the Act in favour of returned soldiers:

The Soldier Settlement Act was amended on March 21, 1938, providing for continuance of the bonus plan of dollar for dollar until March 31, 1941, on arrears of record as of March 31, 1938. In other words, bonus on current instalments maturing after March 31, 1938, was discontinued. The general basis upon which this amendment was enacted was:

1. That a large number of settlers had at that time succeeded in having their accounts fully paid up to date, and it was believed this group did not require any additional aid.

2. That a larger number of settlers were not taking advantage of the bonus plan.

Under that plan the settler was credited dollar for dollar in respect of any arrears he might pay.

This was evidenced by arrears of approximately \$12,000,000 standing against these accounts, and accordingly some other action had to be proposed whereby these accounts could be restored to a state of solvency.

The greatest problem of course existed in the Western Provinces, where the great bulk of Soldier Settlement business is located, and where agricultural conditions have been difficult for several years.

When the amendment was under discussion in the House the Minister indicated that soldier settlers whose affairs were not in a solvent state should seek an adjustment of their accounts under the provisions of the Farmers' Creditors Arrangement Act.

I inquired of the Honourable Minister of Finance whether it was not time to terminate the Act completely in the Central and Maritime Provinces. I have pleasure in informing the sponsor of this Bill (Hon. Mr. Hughes) that I have received the following letter from the Minister:

Dear Senator Dandurand:

In response to your request an inquiry has been made of the Director of Soldier Settlement, who informs me that there remain only a very small number of soldier settlers in the provinces of Ontario, Quebec, New Brunswick, Nova Scotia and Prince Edward Island who would be entitled to benefit under the provision of section 11, subsection 3 of the Farmers' Creditors Arrangement Act, and for that reason the authority provided under section 20 of the said Act will be exercised in such manner that no new proposal shall be made or filed by any farmer, including farmers who are soldier settlers within the meaning of the Soldier Settlement Act, in the provinces of Quebec, New Brunswick, Nova Scotia and Prince Edward Island later than the 10th of May, 1939, and in the province of Ontario, later than the 30th of May, 1939.

It is necessary to give some additional time in the province of Ontario, as there are a large number of soldier settlers in the category referred to in that province, all of whom must be given notice of the termination of this privilege.

The Act will be extinguished completely in the eastern provinces, from Quebec down to Prince Edward Island, on the 10th of May, less than two weeks from now, and in Ontario on the 30th of May. The clause under which the Minister of Finance may take action is clause 20 of the Farmers' Creditors Arrangement Act, which reads:

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.

I have the official statement of the Minister of Finance that an Order in Council will put an end to this Act in the provinces I have indicated.

Under these conditions, I would suggest to my honourable friend (Hon. Mr. Hughes) that he withdraw his Bill. The Act will continue in existence with respect to the Western Provinces, but it will remain with the Minister of Finance to decide, after examining the situation there, whether they should not be similarly treated.

Hon. J. J. HUGHES: It is my duty, I presume, to say that under these circumstances, my honourable leader's suggestion being a compromise, I will accept it. I should like, however, to make a short explanation, occupying not more than five minutes, I hope.

On Wednesday last the leader of the House said that if the figures of expenditure given by my colleague on my left (Hon. Mr. MacArthur) and myself were approximately correct he would support this Bill. I have here the proof of their accuracy, and for the information of the honourable gentleman (Hon. Mr. Dandurand) and the other members of the Senate, and particularly the Minister of Finance, I should like to make this explanation.

Hon. Mr. DANDURAND: But the grievance has been cured.

Hon. Mr. HUGHES: It will be cured in about two weeks. Notwithstanding that fact, I should like to pass the information on, because it will do no harm, and it may do some good in regard to other features of the Act.

I have here figures to show that the expenditure on Prince Edward Island, for instance, for the fiscal year 1936-37 was exceedingly large in comparison with that of the other provinces. I do not want to read all the

figures. We have not received those for 1938, because, as honourable senators know, the fiscal year ends on the 31st of March, and there has been no time for the department to make up a report; but the honourable senator from Cardigan (Hon. Mr. Macdonald) put a question on the Order Paper, which was answered on the 5th of April, as to the expenditures under the official receivers for the nine months of 1938. The answer shows that for the nine months of 1938 the expenditures in Prince Edward Island were more than twice as much as they had been for the previous twelve months. Now, this is the initiation of the business, and if expenditure under other heads is in proportion, the total will be more than twice as much as it was for the whole of 1936-1937. The operation of the Act in Prince Edward Island is a racket. Every effort is made to get farmers to make applications. Men who do not want to apply at all are induced to do so.

Hon. Mr. DANDURAND: Were induced.

Hon. Mr. HUGHES: Were induced. It is that kind of thing I should like to have called to the attention of the Minister of Finance and the department, because I am sure they would not approve of it.

Now I will quote just one or two figures for 1937, and then I shall be satisfied to let the matter stand.

Hon. Mr. MURDOCK: What is the honourable gentleman quoting from?

Hon. Mr. HUGHES: From the Auditor General's report, as quoted in this paper. I vouch for the accuracy of the quotation.

Hon. Mr. MURDOCK: What paper?

Hon. Mr. HUGHES: The Charlottetown Guardian.

According to the Auditor General's report for the fiscal year ending in March, 1937, the official receiver in Prince Edward Island was paid \$2,400 as salary and \$1,750 for assistance and office expenses. But in Nova Scotia, a much larger province, with two and a half times as many farmers, the official receiver was paid just half as much in salary, \$1,200, and only \$5 for office expenses. In New Brunswick, where there are three times as many farmers as in Prince Edward Island, and, I suppose, three times as much business, the salary was \$2,400, but the office expenses were only \$1,003.87, just a little more than half of those allowed for Prince Edward Island. Other figures for the three provinces, which I have not taken time to quote, are about in proportion.

I wanted to give that information to the honourable leader of the House, because I knew he would not approve of what was being done. And I do not think it would meet with the approval of any honourable member, except one.

Hon. Mr. DANDURAND: I acted promptly after the statement of my honourable friend (Hon. Mr. Hughes), and I understand he is now going to withdraw his Bill.

Hon. Mr. HUGHES: Yes.

Hon. Mr. BLACK: I should like to ask a question of the honourable leader of the House (Hon. Mr. Dandurand). When this Act terminates in the Maritime Provinces, on May 10, will all the expenses cease? For example, will the official receivers continue to be paid their salaries, or will these payments be stopped?

Hon. Mr. DANDURAND: I hope they will be stopped. I shall ask the Minister of Finance to look into the question of continuing expenses.

Hon. Mr. MacARTHUR: I can answer the question asked by the honourable senator from Westmorland (Hon. Mr. Black). It will be remembered that I pointed out previously that the Act is dead, but not buried. That situation will not be changed. Although applications will not be receivable after May 10, the boards will continue to function indefinitely. When it began to appear that the Act might be terminated, after my questions had been put on the Order Paper and answers received, hundreds of applications came in. These have still to be dealt with. Rentals and other expenses will likely go on, although the officials may be ashamed by now and cut down a little. But we want the whole thing ended.

The thing I am complaining about now is that this Act was made a hybrid affair, applicable not only to ordinary farmers, but to soldier settlers. Returned soldiers should never have been linked up with the Farmers' Creditors Arrangement Act. We all know that the intention of this Act was to keep good farmers on the land, but that was not the effect of it at all. When the Director was before our committee last year a concrete case was cited by the honourable gentleman from Cardigan (Hon. Mr. Macdonald), whom I do not see in the Chamber at the moment. The honourable gentleman asked the Director, "Do you say that man was insolvent?" And the answer was, "Certainly." The right honourable leader on the other side (Right Hon. Mr. Meighen) was there and his comment was: "No wonder there is maladministration

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in Prince Edward Island. That man was not insolvent at all." The administration down there was just legalized robbery, and farmers were using the Act as an excuse to get clear of paying their bills.

However, the principal point I want to emphasize right now is that it was a mistake to confuse soldier settlers with ordinary farmers. That was not necessary at all, and the proviso inserted in the Act last year was not good legislation. The soldier settlers are in a different class altogether from ordinary farmers.

I seconded the motion of my honourable colleague from King's (Hon. Mr. Hughes) for second reading of the present Bill. If he desires to withdraw the Bill, I consent.

With leave, the Bill was withdrawn.

SMALL LOANS BILL

CONCURRENCE IN COMMONS AMENDMENT

Hon. RAOUL DANDURAND moved concurrence in the amendment made by the House of Commons to Bill Z, an Act respecting Small Loans.

He said: Honourable senators, it will be remembered that when we passed this Bill and sent it to the House of Commons we left a blank where section 10 should have been, in order that the Commons might insert there a money clause, which we could not initiate in this Chamber. The Bill has now been returned to us, and the only amendment is the insertion of this clause 10. Honourable members will find the wording on page 144 of our Minutes. It reads:

10. The Superintendent shall annually cause an assessment to be prepared against each licensee under this Act for the purpose of meeting the expense incurred by the Government for or in connection with the administration of this Act, and the provisions of sections six and eight of The Department of Insurance Act, chapter forty-five of the statutes of 1932, shall mutatis mutandis apply in the case of every such licensee to the same extent as if the title of this Act were inserted in the Schedule to The Department of Insurance Act.

The motion was agreed to.

GRAIN FUTURES BILL

REPORT OF COMMITTEE

Hon. Mr. DANDURAND moved concurrence in the report of the Standing Committee on Banking and Commerce on Bill 81, an Act to provide for the supervision and regulation of Trading in Grain Futures.

The motion was agreed to.

THIRD READING

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

Hon. Mr. CALDER: Honourable members, I am not a member of the Banking and Commerce Committee, but I was present for a short time at the sitting when this Bill was being considered. I understand that all parties concerned in the Act, that is the trade, the farmers' organizations, the department, the grain commissioners, and so on, are reasonably satisfied with the amendments that have been made. So I do not think there is any objection to third reading being given now.

Hon. Mr. DANDURAND: I should not like to assure the Minister who handled this Bill before the House of Commons that all parties concerned are satisfied with every amendment.

Hon. Mr. CALDER: Oh, no.

Hon. Mr. DANDURAND: At all events, the Bill as amended will be returned to the House of Commons. I have some doubt as to one slight amendment. The word "endeavour"—

Hon. Mr. BLACK: "Shall endeavour to make."

Hon. Mr. DANDURAND: I think it runs, "shall exert its best endeavour to obtain certain information." However, we will return the Bill in its amended form to the House of Commons.

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

DIVORCE BILLS

FIRST READINGS

Hon. Mr. ROBINSON, Chairman of the Committee on Divorce, presented the following Bills, which were severally read the first time:

Bill U2, an Act for the relief of Roberta Copeland Cool Roberts.

Bill V2, an Act for the relief of Margaret Maud Turner Ball.

Bill W2, an Act for the relief of Janni Kalmanowitz Rittner.

Bill X2, an Act for the relief of Ambrose Tibbitts Aston.

Bill Y2, an Act for the relief of Anne Ver Treese Hart Acena, O.

The Senate adjourned until Monday, May 1, at 8 p.m. (daylight saving time).

THE SENATE

Monday, May 1, 1939.

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

Prayers and routine proceedings.

STATE OF CANADA'S DEFENCE

DISCUSSION

Hon. W. A. GRIESBACH rose in accordance with the following notice:

That he will call the attention of the Senate to the state of the defence of Canada.

He said: Honourable members, in addressing this House a few days ago on the Defence Purchasing Board Bill I said that either we were on the verge of a great war or we had already entered into a world condition in which the relationships between nations would be based upon armed strength. I should add to this statement that wars in the future will probably take place between great alliances of states and the matter of the armed strength of the states composing such alliances is a matter of concern to all of them.

In days gone by, it was left to the dignity, pride, sincerity and self-respect of each nation in the alliance to determine what its contributions would be. Nowadays military strength is a matter of negotiation and agreement and of common concern to the whole alliance. We have seen an example of this in the past month. Great Britain and France united to form a bloc of nations to stop Hitler. At once the French demanded undertakings from Britain, and Britain agreed to contribute an expeditionary force of thirty-two divisions to serve on the continent of Europe or elsewhere. Then Great Britain and France offered protection to Poland and Rumania and asked for the co-operation of Russia. These states, in effect, said: "We will not commit ourselves to this bloc until we are satisfied that Great Britain can effectually intervene on land in our particular areas." The result has been the adoption of conscription in Great Britain.

We in Canada are, if you like, in alliance with the other states in the Commonwealth. We are, through Great Britain, in alliance with all those states which have determined to stand up to and resist the dictatorial powers. The condition of our armed forces, therefore, is not only a matter of national concern, but concerns all our friends and allies and involves as well considerations of our dignity, our sincerity and our self-respect. If, while declaring our solidarity with and support of

democratic ideals, religious and political liberty and the like, we neglect or refuse to support our protestations with the armed forces which make our adherence worth while, we are likely to be held up to the contempt and ridicule of the whole world. Later I shall discuss our relations with the United States in this regard.

The defence of "Canada alone" has never been a sound policy. Ministers of the Government are fond of quoting from the resolution of the Imperial Conference of 1923 which says that the first duty of a component part of the Commonwealth is to provide for its own defence. They seldom quote a subsequent clause which ends with the words, "until support arrives from the outside." A few days ago the Minister of Justice did quote these latter words, but drew no inference from them.

From where does anyone suppose this help will come? From Great Britain, primarily. But it is also conceivable that it might come from Australia, or New Zealand or South Africa. If Great Britain is thus obligated to help us in time of trouble, is there no mutuality in this agreement?

Having regard to modern weapons, modern methods and present-day conditions, I contend that the defence of Canada is best conducted at a distance from Canada, and the greater the distance the better. The devastations of whole cities, indeed of whole countryside, in France and Belgium in the late war point to the common sense of this view. Shall we sit, then, within our own borders while the Commonwealth is defeated in detail? Shall we wait until Great Britain is conquered and reduced to the status of a second-rate power, and then fall victim to the conqueror?

Then we are told that the United States will protect us. If the United States ever protects us actively, it will be at a price which may cost us our sovereignty and autonomy. We are told that the President of the United States last year said that the United States would not stand idly by if domination of our soil was threatened. We should inquire into the reason for the President's speech. Shortly before making this speech he was told by his military advisers that the defenceless condition of Canada was a menace to the United States; that it was conceivable that after the defeat of Great Britain in a world war, or before that event, in certain circumstances, hostile forces might invade Canada, establish themselves in this country and thereafter strike at the industrial areas of the United States. To the students of war the speech of the President meant that, with or without our request or consent, the United States will prevent a foreign foe from establishing himself in Canada for the purpose of attacking the

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United States, and that is precisely the quality or nature of and reason for the assistance which the United States will give us.

Then I notice that the Minister of National Defence, in his speech the other day, spoke of the protection which we seem to have a right to expect from the United States navy. If France and Great Britain are at war with Germany and Italy, and the United States is neutral, and a German cruiser breaks through the British cordon and approaches Halifax for the purpose of destroying our shipping and bombarding that place, does anyone suppose that any American warship which happens to be in the neighbourhood will intervene on our behalf? That is a suggestion without any foundation in fact or reason.

It boils down to this. Canada is a part of the British Commonwealth of Nations. A British Commonwealth triumphant in war means an inviolate Canada. A defeated British Commonwealth means dire peril for Canada.

In another place, this session, we have heard members of Parliament say that they would not serve outside of Canada, but would enter the trenches in Canada to defend Canada. When it comes to that it will be too late. I find it difficult to plumb the mentality of men who cannot understand that the place to defend Canada is as far from Canada as we can do it. If it is to be done effectually, we must develop an armament industry in Canada and equip ourselves; we must adopt the conception of a united Commonwealth, and must not shrink from any of the implications which that involves; and, just as we expect to be assisted by the Commonwealth when we are in danger, so we must be prepared to give aid not only to our partners in the Commonwealth, but to all those democratic states with which we are in moral alliance to defend the liberties of the world. We cannot defend Canada, we cannot make war, upon a limited liability basis.

Now I come to discuss the speech made by the Minister of National Defence in another place the other day. The speech of the Minister of National Defence runs to terrific wordage, some fourteen pages of Hansard. There are needless tables and statistics, and much irrelevant matter which may be discarded as "padding."

Hon. Mr. DANDURAND: My honourable friend is treading on prohibited ground.

Hon. Mr. GRIESBACH: I do not think so. I was careful to refer to the speech as having been delivered in another place, which is the parliamentary subterfuge, and I was proceeding to prove the lack of value of the

statistics given. If there is any objection to describing that as "padding," you may call it anything else you like.

Hon. Mr. DANDURAND: My honourable friend is answering a speech delivered in the other House.

Hon. Mr. GRIESBACH: Well, we could have no discussion in Canada if there were no means whereby speeches made in the other House could be taken cognizance of here, and so long as I refer to them as having been delivered in "another place" I avoid the accusation which my honourable friend levels at me. I think that is the accepted understanding.

Hon. Mr. DANDURAND: Not exactly. I could tell the honourable gentleman how to get around the difficulty. He has not got around it yet.

Hon. Mr. GRIESBACH: I should be delighted if the honourable gentleman would do so. I have observed that he has succeeded in reading and criticizing speeches made in the other House. I insist that for the purpose of public discussion it is necessary that there should be a conflict of minds on this matter.

Hon. Mr. DANDURAND: Unfortunately the gentleman to whom my honourable friend refers is not here to answer him.

Hon. Mr. GRIESBACH: Quite so. Neither was I in the other House to answer him.

Hon. Mr. DANDURAND: Then I am sorry for the other House.

Hon. Mr. BALLANTYNE: I think all honourable members have heard the leader of the Government quote speeches delivered in another place in support of the argument he was making at the time. If he could do that, why cannot my honourable friend from Edmonton (Hon. Mr. Griesbach) do so?

Hon. Mr. DANDURAND: There is a distinction. When I present a bill which emanates from the Government, I can bring in a memorandum explaining and justifying the bill; and the best way I can do that is to cite the words of the honourable Minister who introduced the bill.

Hon. Mr. BALLANTYNE: The honourable gentleman (Hon. Mr. Griesbach) will be quite in order if he omits the Minister's name and just refers to a speech made in another place.

Hon. Mr. DANDURAND: No.

Hon. Mr. CALDER: The point of order is a very interesting one. I have never before seen it raised in just this way. It would be

a queer state of affairs if, when one of the Ministers of the Crown made a statement on a matter of policy, we in this House had no right to consider the policy announced by the Minister. What would be the result? Our mouths would be closed.

Hon. Mr. DANDURAND: I think there is a clear statement in the rules of the Senate—

Hon. Mr. BALLANTYNE: Quote it, please.

Hon. Mr. DANDURAND: —that prohibits a member of this Chamber from making any allusion or reference to, or any criticism or attack on, a member of the other Chamber, and vice versa. The purpose of the rule is to prevent any clash between the two Chambers. When a statement is made in the Commons, if it were permissible to criticize it in the Senate and then to answer the criticism in the other Chamber, there would be no end to the matter. It is unseemly that such a discussion should occur between the two Chambers. That is the reason why the rule says there shall be no allusion to the discussion in the other House.

Hon. Mr. GRIESBACH: I am referring to a speech made in "another place." I think that should be satisfactory.

Right Hon. Mr. GRAHAM: I once found it convenient to quote Hansard of "where the Minister spoke."

Hon. Mr. GRIESBACH: There is, first, a statement by the Minister as to the condition of our defence forces as he found them in 1935. Apparently all the weaknesses and insufficiencies were laid before him. He therefore divests himself of any excuse for ignorance of our real condition. In 1936, 1937 and 1938 the estimates for national defence were somewhat more than doubled, and in that period he had the expenditure of some ninety millions of dollars. His statement then sets out what has been accomplished and what is proposed. It is to be noted particularly that the statement covers a period of nearly four years, so that we have before us in accomplishment what represents four years of endeavour on the part of the Government.

On taking office in 1935 the Government were aware of the threat of the dictatorial powers to the liberties of the world. In 1936 Great Britain began her program of rearmament on a gigantic scale. Throughout the whole period the newspapers have been filled with descriptions of the Herculean efforts of the British people to arm themselves in time. In the period from 1936 to 1938 factories were constructed in England, which went into production, and the equipment which they produced has been in the hands of British soldiers now for months. We have therefore

before us the results of a vigorous armament policy, carried out by a Government which meant business from the start.

What have the Government of Canada done in the period under discussion? We are told that coast defences have been erected on the Atlantic and on the Pacific coasts. The Minister rather slurred over the quality of the armament installed and the nature of searchlights and optical and electrical apparatus which appertain to coast defence. We are further told of an increase in the warlike stores, and of the breath-taking fact that we have acquired five mortars and three anti-aircraft guns and our Air Force now has thirty-six front-line planes. We are still provided with the artillery used in the late war, now obsolete and most of it worn out, and so far as can be learned no provision is being made for the re-equipment of our artillery. Our artillery is still horse-drawn, with a radius of twenty miles a day. No provision has been made for artillery tractors, which, if our artillery were given rubber tires, would have a radius of twenty miles an hour. Our only hope of light machine guns is to be found in the Bren gun contract. There has been no increase in the strength of our land forces, and no improvement in the training. The position of our land forces is precisely what it was some ten years ago.

As an evidence of the foresight and acumen of the Government it is said that they have adopted the system of giving priority first to the Air Force, second to the Navy and third to the Army. While it is the duty of the Government to maintain these three arms of the service in proper proportion, the idea of priority, so far as Canada is concerned, originates solely in the Government's policy to vote the smallest amount of money for the defence of the country. The policy of priority has no other foundation, and there was no reason whatever why the augmentation and improvement of all three forces should not have been continued at the same time, given the necessary voting of the money therefor. Under the system of priority and the present rate of progress we cannot expect that our army will have made very much improvement until some six years or more have passed. The Government merely support a "go-slow" policy. The permanent force remains precisely what it was, yet everyone knows that should we be called upon suddenly to augment our military forces the heaviest task would be laid upon the permanent force. We have some twenty battalions that have been reorganized as machine gun battalions. The organization is mostly on paper and the battalions are without necessary machine guns.

Hon. Mr. GRIESBACH.

We have some ten or twelve battalions, reorganized as tank battalions, and none of them have any tanks; and we have no other armoured fighting vehicles.

What I am stressing now is that this is our condition at the end of three and a half years of the Government's policy of rearmament.

It was obvious from the beginning that Great Britain, in the throes of its own rearmament program, could not for a number of years supply us with military equipment, and that the United States for a number of reasons was not available to us as a source of supply. The inevitable conclusion ought to have been that our re-equipment must come from our own industry and our own resources. Having regard to the record of Canadian industry in the last war, and to the developments that have taken place since, we can confidently assert that in the matter of field guns, in anti-aircraft guns, armoured fighting vehicles, tractors and the like, Canadian industry, Canadian capital and Canadian engineering skill are fully equal to the task of supplying us with all this material. What was needed three years ago and is needed now is a Government with courage, energy and business acumen equal to that of 1914-1918 and reflecting in some degree at least the courage, skill and determination of the great mass of the Canadian people. Had a Government possessing these qualities been in office during the past three years we should to-day have been well along with our rearmament, and our defensive strength would have grown month by month.

We are at this moment confronted with the fact that we have an unemployment problem in Canada, and, curiously enough, men are being laid off at this moment in the very industries which should have been engaged in armament construction. In Hamilton the other day I met a group of ex-service officers now engaged in steel work, electrical work and general engineering construction. Every one of them agreed that the present condition of their industries was bad, and that the inauguration of an armament industry in Canada would make a very substantial contribution towards solving the whole question of unemployment.

The Government have lacked the courage to grapple with this situation. I think they also lack business ability. Still worse, there is the feeling that the Government have adopted a "go-slow" policy in the matter of national defence, with the hope of gaining the support of certain elements in this country. I am now told by those competent to express an opinion on the political situation that at

the next election the Government will not gain a single vote from this very element which they have been seeking to placate. My information is that throughout this country there is grave and growing dissatisfaction with the policy of the Government, and an increasing demand that the Government shall grapple with the question of rearmament and deal with it as it was dealt with in Great Britain.

The statement to which I have referred as now being before the country can be divided into three parts: first, what the Government found on taking office; secondly, what the Government have done in the past four years; and, thirdly, what the Government intend to do, and how.

In connection with the Air Force, a bad state of affairs was found to exist in 1935. The personnel was weak and the equipment was poor.

Hon. Mr. KING: Why?

Hon. Mr. GRIESBACH: It was weak because it had been reduced by the Government.

Hon. Mr. KING: Yes.

Hon. Mr. GRIESBACH: By the last Government.

Hon. Mr. KING: Yes.

Hon. Mr. GRIESBACH: While they were in office.

Hon. Mr. KING: Yes.

Hon. Mr. DANDURAND: Generally so.

Hon. Mr. GRIESBACH: Not generally so; specifically so.

Hon. Mr. KING: Absolutely so.

Hon. Mr. GRIESBACH: In the case of the Air Force.

Hon. Mr. DANDURAND: Only?

Hon. Mr. GRIESBACH: Yes, that is all. It was reduced substantially; I admit that.

Hon. Mr. KING: How many officers were dismissed?

Hon. Mr. GRIESBACH: I think some fifty officers.

Hon. Mr. KING: Seventy-nine.

Hon. Mr. GRIESBACH: I admit all that. But, since the subject has been raised as it has, I might point out that no protest at all was raised in this Parliament against the weakening of the Air Force. And if I might be allowed to say something—

Hon. Mr. KING: My honourable friend was in this Parliament at the time.

Hon. Mr. GRIESBACH: And my speeches are in Hansard.

Hon. Mr. KING: There was no protest from the honourable gentleman.

Hon. Mr. GRIESBACH: You will find my speeches in Hansard. I make a speech on some aspect of national defence every year. Some sessions I make two speeches.

Hon. CAIRINE WILSON: The former Minister of Defence, Colonel Ralston, protested quite firmly.

Hon. Mr. MURDOCK: I wonder if while my honourable friend is on this point in his speech he would touch upon the statement that I have heard of as having been made in several places, namely, that about two million of our Canadians east of where we now stand, and about a million and a half of our Canadians west of where we now stand, are up in arms and very resentful because of expenditures now being made on national defence. And it is said that a considerable number of these people are in my honourable friend's own province. Would he deal with that point?

Hon. Mr. GRIESBACH: Yes. I will deal with these points one at a time.

As to the reduction in the Air Force, I did not approve of it. But there was no movement to oppose the Government in carrying it out. Opposition to what was done was principally because of the number of men who were being let out of employment, not because of the reduction in the Air Force as a fighting unit.

Hon. Mr. KING: The former Minister of Defence protested, though.

Hon. Mr. GRIESBACH: As to the point raised by the honourable gentleman from Parkdale (Hon. Mr. Murdock), I admit that there is opposition to an armament policy. From the political point of view, however, that need not worry the Government, because all these people have their own candidates, in any case. But that has nothing to do with the point I am making. The Government are responsible—

Hon. Mr. MURDOCK: We are representing Canada.

Hon. Mr. GRIESBACH: But the Government have a majority. The Government have the responsibility of arming the country in this present crisis, and that is a responsibility from which there can be no escape. I admit quite freely that it was wrong to reduce the Air Force when it was reduced. The only thing that can be said in mitigation of the

course that was taken is—and this argument never appealed to me, though it did to many other people in this country—that at the time there was a general belief that peace had settled down upon the world. The policy of many European nations and of the component parts of the British Empire was then one of disarmament. You have to be fair in discussing the matter; you have to recognize the facts.

Hon. Mr. MURDOCK: My honourable friend says that was changed, though, in 1936, I understand.

Hon. Mr. GRIESBACH: I think 1935 marks the change. That year marks the rise of Hitler, the militarization of the Rhine and its control by Germany, conscription in Germany, and the obvious intention of Germany to embark upon the course which she is now following. These things occurred or became manifest in 1935, or thereabouts.

Hon. Mr. MURDOCK: My honourable friend is only proving the truth of the old adage; that hindsight is sometimes better than foresight.

Hon. Mr. GRIESBACH: No, I am not. The Air Force was reduced in, I think, 1932. As I have already remarked, if there is anything to be said in mitigation of that, it is that at the time an atmosphere of peace seemed to have descended upon the world, and it appeared that disarmament was the proper caper for the various countries. I never believed it, and I said so at the time, but the popular view prevailed.

We come now to the Air Force as it is to-day, four years after the present Government came into power. First I might say that the strength of the Force has been increased, which is all to the good. Next I should like to say that the efficiency of our Air Force, having regard to the lack of training facilities, is excellent.

Hon. Mr. KING: These facilities have been very much increased too, have they not?

Hon. Mr. GRIESBACH: Facilities have been increased, but by no means to the extent of increase in other countries. However, they have undoubtedly been increased.

Hon. Mr. KING: Very much so.

Hon. Mr. GRIESBACH: A glance at the Minister's speech will show in what direction increases have been made: barrack accommodation, flying fields, suitable training planes, and so forth.

We now have, at the end of four years of our rearmament policy, thirty-six front-line planes.

Hon. Mr. GRIESBACH:

Hon. Mr. HUGESSEN: Will my honourable friend tell the House how tremendously the possibility of aeroplane manufacture has increased in this country during that time?

Hon. Mr. GRIESBACH: Oh, yes. But if it had not been for orders from the British Government there probably would not have been such an increase. The business is a growing one, and it has a civil side as well.

Hon. Mr. HUGESSEN: Which the Government have encouraged in every way.

Hon. Mr. GRIESBACH: Give me an example.

Hon. Mr. HUGESSEN: Trans-Canada Air Lines.

Hon. Mr. GRIESBACH: That is just starting now.

Hon. Mr. HUGESSEN: Oh, no.

Hon. Mr. KING: No; it has been three years in preparation.

Hon. Mr. MURDOCK: A lot of time had to be spent in getting ready.

Hon. Mr. GRIESBACH: We have thirty-six front-line aeroplanes, a certain number of training planes, and a certain number of obsolete planes. In the event of an outbreak of war to-day, to-morrow or the next day, these training planes and obsolete planes would not be used. We would not put our men into these planes to meet the enemy, for to do so would be to turn our Force into a suicide club. For the defence of the country in war-time we have thirty-six planes, and these are divided into various classifications which are necessary in an air force. There is a proportion of bombing planes, of fighting planes, army reconnaissance planes, and possibly of other classifications.

Hon. Mr. BLACK: Pursuit planes.

Hon. Mr. BALLANTYNE: Are there any bombers?

Hon. Mr. GRIESBACH: Oh, yes, there are some, but I am not sure how many.

If we became engaged in war to-morrow we should have to divide our air forces into perhaps three groups: one for the Pacific coast, one for the Atlantic coast, and one for a central reserve. So there would be just twelve planes in each group. And each of these groups would be divided into the various classifications of planes which I have mentioned. In no part of the country would our Air Force have any particular strength. From the point of view of active defence of Canada, it is fairly negligible.

Passing now to our Navy, we find that during the past four years the Government have increased our destroyers from four to six; that four mine-sweepers have been put under construction, and some into commission. And the personnel has been increased. It is a matter of gratification that our Navy personnel is highly efficient. Strangely enough, it has been highly efficient from the beginning. Our men make excellent sailors, and when they go down to warmer areas, as they do once a year—

Hon. Mr. DUFF: To the Caribbean Sea.

Hon. Mr. GRIESBACH: —to the Gulf of Mexico and that neighbourhood, and come into competition with the British Navy, they singularly distinguish themselves. I draw the attention of honourable members to the fact that the destroyer is the smallest type of warship. It is armed with 4.7 guns only. This is an excellent gun, but one enemy cruiser armed with 6-inch guns could drive our destroyers from the seas. We have four destroyers on the Pacific and two on the Atlantic coast to protect the focal points of our trade, police the seaboard, and the like. Our Navy is wholly inadequate to the task and the importance of the responsibilities involved, our export trade representing something like \$1,000,000,000 a year.

Nothing has happened to the land forces at all. Their strength is 31,000. The men are wearing clothing that was issued in the late war. The same suits have for years been worn by different men. These uniforms are faded and shabby, and the men strongly object to such clothing. Undoubtedly its unpopularity plays no small part in keeping the strength of our land forces at a low ebb. There should be an issue of brand new clothing, and I am glad to learn that this to some extent is in hand. Very important, too, is the fact that for many years no boots have been issued at all. An issue is proposed.

The strength of our militia is fixed by law, and now a very serious question arises. The service is not popular because it has for years been starved and neglected. In a word, our militia has never been treated properly. It so happens that with the development of various kinds of amusement and pacifist propaganda military service is not popular with our young men. Many units are below strength. Some units are up to a strength of 350 men, but there are scores of battalions, batteries and squadrons which are so far below strength as to provide no opportunity at all to officers and non-commissioned officers for training. Instead of having in the ranks the finest young men in

the country, as used to be the case thirty or forty years ago, to-day we have half-grown boys in the service. The officers, who, without any financial compensation at all, devote themselves to militia training, spend most of their time trying to get men to enlist, and still more in trying to retain them in the ranks. This unsatisfactory condition militates against training and discipline. We should accord all honour and credit to those who do serve in our militia under these adverse conditions.

The militia forces should be raised from 31,000 to 100,000 men. I have no hesitation in making this suggestion, for undoubtedly we shall be confronted with the question of man-power, and ultimately there will be a severe strain on the voluntary system. It is on trial now. If the Government to-morrow were to authorize a training establishment of 100,000 men we could not begin to fill the ranks.

I hold the opinion, which I know is endorsed by active soldiers throughout the Dominion, that the Government must undertake steps to popularize our militia service. One step in this direction would be to consider the attitude of employers towards their men with regard to leave for annual training, and so forth. I suggest that we should adopt the British policy. In England there is a public relations officer to grapple with matters which militate against the popularity of the service, such as pacifist propaganda, the attitude of employers towards their men taking up regular training, and the like.

I advocate such a policy because the problem which will confront us ultimately is the provision not only of man-power, but of trained man-power to take over the machinery incident to the mechanization of our forces. Eventually the whole of our army will be on wheels, and we shall require men of very high type who will undertake training and stay on the job. The Government would be well advised to increase at once the number of men in training, and at the same time appoint a public relations officer to popularize the service and arouse in our young men an interest in military training.

One step in this direction would be to discard the word "militia." We have used it for many years. It connotes about the fifth line of defensive power. It means a ragged, untrained gathering together of a certain number of armed men. "Militia" is an unpopular word. In the United States the volunteer forces are called the National Guard. In Australia the militia is referred to as the Citizen Force, but colloquially it is known as the army. In England the term "Territorial

Army" has been substituted. I suggest the Government should direct attention to this matter and adopt the word "army," as we have no other army than our militia service. The term is more dignified, the men would like it better, and it would tend to popularize the service.

I think we should also follow the example of Australia and provide for promotion of our keen volunteer officers to higher ranks than they are granted to-day. In Australia several divisional commanders are non-professional soldiers. They devote much of their time to their own training and qualify themselves. In a national army I do not think it is a good practice to have the higher positions reserved for professional soldiers.

In brief, I advocate that the strength of 31,000 men should be increased to 100,000 men, for the purpose of having not only more trained man-power, but men capable of handling the machines with which the force is to be equipped, and that to add to the dignity of the service and the pride of the men who serve in it the title "army" should be substituted for "militia." The mere change of title may not have any significance for civilians, but I can assure honourable members it would have an important bearing in popularizing the service.

Now, our artillery is armed with 18-pounder field guns and 4.5 howitzers. These guns are obsolete in type. They were used in the last war and many of them are worn out. I should add that these are horse-drawn guns. Great Britain has adopted a gun which performs the functions of a field gun and howitzer. It is mounted on rubber tires and hauled by a tractor.

We can build the equipment in Canada. We have no tanks nor armoured fighting vehicles, nor the like. Our troops would be at the mercy of any small mobile body armed with this modern equipment. We have three anti-aircraft guns. Such guns are urgently needed for the defence of our ports on both coasts and at other vulnerable points in Canada. This equipment, too, we can manufacture in this country.

As to aeroplane production, we are gradually becoming a factor, owing almost entirely to the growth of civil aviation.

The department of defence to which attention must be given is our coast defence. Something has been done in this direction, forts having been constructed on both the Atlantic and the Pacific coasts. I am not so sure that the necessary armament has been supplied. Perhaps one should not discuss it at very great length, but I suspect that some of our forts are without guns.

Hon. Mr. GRIESBACH.

Coast defence consists of structures of steel and concrete armed with heavy guns of 6-inch and higher calibres. These guns must be equipped with optical instruments of various sorts and for various purposes. The range of the gun must be covered with searchlights for night work. The approaches to our harbours must also be mined.

We cannot manufacture big guns at the moment, and I doubt whether there is any necessity for our doing so, but we can manufacture searchlight equipment, optical instruments, mines, torpedoes and the depth charges that go with coast defence.

I agree that the Government are wise in proceeding with coast defence at once, assuming they are working on the basis of limited appropriations. Coast defence is needed to cover railway termini, and ports where ships can be equipped, victualled, and the like.

In addition to the fixed defences of these selected points, there must be a sufficient establishment of mobile troops of all arms to protect any threatened points on the coast which are not so fortified. We could not afford to fortify every part of our coast. For this mobile service we require wireless and telephonic communications. It also calls for rapid transportation over railways and good roads. We can make all the necessary mobile equipment.

In dealing with the defence of Canada we must never forget that there is imposed on us the duty of defending Newfoundland. No agreement exists to this effect, but the island is right at the front door of Canada and we could never afford to allow it to be occupied by an enemy force. Consequently our military plans must take into account the defence of Newfoundland.

Now I come to the armament industry, about which there has been a good deal of talk, turning mainly on the question whether the Government or private industry should manufacture all equipment, or whether each should take a share in its production. I am not wedded to any rigid policy. My chief concern is efficiency, but I think that having regard to our population, resources, and so on, we ought to be able to build up an armament industry under civil control. We have the capital, the engineering skill, the labour and the materials.

Here is an example of what might be done in this direction. I have had a man of considerable experience collect information for me, and he has supplied me with a memorandum which deals specifically with the subject. I have spoken of the new field gun adopted by England, the 25-pounder. I raised the question some time ago whether this gun could be

manufactured in Canada. The answer is yes. About four or five years ago General Ashton, who was Chief of the General Staff, held the view that the Government should build an arsenal for the construction of this particular gun. There exist in the files of the department at this moment complete plans and specifications, which are kept up to date, for the construction of an armament factory to build this particular gun in Canada. The memorandum states:

The approximate cost of such a gun factory would be \$2,000,000. The estimate would include the carriage works and other necessary accessories to turn out the complete weapons on wheels, ready for use. Approximately eight months would be required to commence delivering guns. If the plant were employed on the production of 25-pounders only, guns could be delivered at the rate of two per week. A very rough approximation of the price for which guns could be sold to a Canadian or other Governments would be \$25,000 for a 25-pounder up to \$60,000 for a 3.7 QF AA gun.

There is a subsequent note to the effect that as a result of experience gained in England, and in view of the fact that the new 25-pounder gun, which is also a howitzer, is of much more simple construction than its predecessor, this price can be scaled down substantially.

My point is this. First of all, a report was made to the Minister in 1935 in which the whole situation was disclosed, and which also gave a list of the equipment we ought to have. Now, if in 1935 or even in 1936 the Government had decided to embark upon an armament policy, working through our civil industry, we could have built, at a cost of \$2,000,000, a factory which, delivering guns at the rate of two a week, would by the end of December, 1938, give us 208 guns. It is estimated that with the experience gained in that production the output would have been something like 250. Turning to the report handed to the Minister, I find the number of guns recommended is 500. Consequently, by this time we should have been well over the half-way mark in equipping our forces with the most modern gun, and in doing so we should have been keeping our money in Canada, playing an important part in re-equipment, and at the same time building up an industry.

Here is a point which this report brings to my attention, and in turn I draw it to the attention of the House. It says that a man occupying a very high position in the industrial life of this country believes we can manufacture all our equipment in Canada. He goes on to say that if it were possible to approach the Government openly and get reasonable consideration for such a proposal, he could within three hours find the necessary capital to finance the project. Further, he says he

would require more than the assurances of a departmental chief before he went further. He feels that without authoritative assurances to the contrary, neither he nor his associates would run the risk of being exploited and involved in the manoeuvres of politicians.

Hon. Mr. DANDURAND: I wonder if my honourable friend is right in using an anonymous letter or communication to attack the parliamentarians of Canada whom he styles "politicians." That is a cheap attack, which is made by people who know nothing about the importance of politics.

Hon. Mr. GRIESBACH: The honourable gentleman will not find any attack on the Parliament of Canada.

Hon. Mr. MURDOCK: Let us have the name.

Hon. Mr. GRIESBACH: Oh, now—

Hon. Mr. MURDOCK: Let us have the name.

Hon. Mr. GRIESBACH: —you are not going to have the name, and we will call that settled.

Hon. Mr. DANDURAND: Then my honourable friend should withdraw that part of the statement which assaults the Government and Parliament.

Hon. Mr. GRIESBACH: It will be sufficient for me to say that the gentleman who writes this report is a soldier of some experience, and a business man of reliability and competence. I guarantee, whether the House accepts my guarantee or not, that there is not in this statement a single word that reflects on Parliament or anybody else.

Hon. Mr. KING: Yes. Very much so, as you will find if you will just read the statement again.

Hon. Mr. GRIESBACH: I shall read it again.

Hon. Mr. KING: It should be deleted from the record, or else the name should be given.

Hon. Mr. GRIESBACH: He stated that if it were possible—

Hon. Mr. MURDOCK: Please do not repeat it unless you are prepared to give the gentleman's name. What is already on the record from that statement should be expunged, unless the honourable senator wants to give the name.

Hon. Mr. KING: Right.

Hon. Mr. GRIESBACH: No.

Hon. Mr. MURDOCK: Oh, but yes.

Hon. Mr. GRIESBACH: No. If I undertake to read a statement that makes an attack upon a member of this House, then I have to give the name of the person who makes the attack.

Hon. Mr. DANDURAND: Does my honourable friend say that one can attack an executive of this country with impunity because that executive is not in this House?

Hon. Mr. GRIESBACH: What are the words which attack the executive?

Hon. Mr. DANDURAND: I would not ask my honourable friend to repeat them. If he will read the name—

Hon. Mr. GRIESBACH: I am about to read it.

Hon. Mr. DANDURAND: Apart from any question as to whether it is the present Government or the Government of yesterday, I should not like the honourable gentleman to repeat the onslaught of that writer upon men who are directing the affairs of this country.

Hon. Mr. GRIESBACH: The honourable gentleman is unable to quote words I have read that attack anybody.

Hon. Mr. MURDOCK: The only reason for reading it is that it speaks in disparaging terms of the Government of the day.

Hon. Mr. GRIESBACH: No. I am discussing the policy of rearmament for Canada.

Hon. Mr. KING: It is well understood that if correspondence is questioned when it is read, the name of the writer must be given.

Hon. Mr. GRIESBACH: You ask me to do two things at the same time. I think you will find, if you consult the rules, that where a statement is made that attacks a member of this House the name must be given. But I am not attacking anybody in this House. I am discussing the rearmament of Canada and the conditions under which the country can be rearmed.

Hon. Mr. COPP: And quoting what someone else says.

Hon. Mr. GRIESBACH: Yes—

Hon. Mr. DANDURAND: What do we care what he says, unless we have his name?

Hon. Mr. GRIESBACH: —and anything that is said here is as applicable to any Government that has been, or any Government that will be in the future, as to the present Government.

Hon. Mr. DANDURAND: That is why it is bad from A to Z.

Hon. Mr. GRIESBACH.

Hon. Mr. GRIESBACH: There is something fundamentally wrong with this country. Any military student who studies the war efforts of this country in the past will find that we have turned out excellent fighting men, excellent soldiers, but that in the administration there have been incidents that reflect no credit upon the country, and that have cost us a great deal of money. And no political party is free from that accusation. It is a fact of our political life, and I am attacking that fact wherever it may exist, whether in previous Governments, the present Government, or future Governments. It may be that we shall have another Government after the election, and I shall be just as insistent then as I am now regarding this matter. If in the building of canals or public buildings you want to graft, you may take your chances; but when it comes down to the directing of the money which the people of this country have voted for rearmament, into improper channels, or to the supplying of soldiers in the field with inferior equipment, rotten food and worthless boots, I will fight it with all my power.

Hon. Mr. KING: I agree with the honourable gentleman there. But when the honourable gentleman reads a letter of a manufacturer he should give the name.

Hon. Mr. GRIESBACH: That is an old story. I have read the statement to which exception is taken, and I invite you to tell me what is wrong with it.

Hon. Mr. MURDOCK: All that is wrong is that it is written either by a coward or by someone who has not the nerve to tell us who wrote it.

Some Hon. SENATORS: No, no.

Hon. Mr. MURDOCK: That is exactly what I mean.

Hon. Mr. McMEANS: What is the honourable gentleman afraid of?

Hon. Mr. MURDOCK: I am not afraid of anything. Let us "come clean." That is all.

Hon. Mr. GRIESBACH: The honourable gentleman from Parkdale (Hon. Mr. Murdock) is quite wrong. This gentleman is an officer who served under me in the late war, and has been decorated twice. He is a very distinguished gentleman and an outstanding Canadian. He is a business man and not a politician at all.

Hon. Mr. CALDER: And not a coward.

Hon. Mr. GRIESBACH: And not a coward, notwithstanding what the honourable gentleman from Parkdale (Hon. Mr. Murdock) may say.

Now, this paragraph is not very important, and I have already said much more than is contained in the statement—and I assume the responsibility for it myself. I repeat, no Administration of this country has a very good record, an absolutely pure record, in time of war; and if the House would like me to run through the rascalities of the last sixty years and to name the parties in power, I can do so. I say that so long as I am here I will question that kind of thing; I will attack it and endeavour to deal with it. This statement is of no importance at all except to indicate what the Government must do. They are about to appoint a business man to deal with this question, and hereafter, I hope, we shall not hear the things we have been hearing. Hereafter a business man who represents the Government will meet other business men and discuss this matter on a business basis.

Hon. Mr. DANDURAND: And yet the action of appointing a board to supervise those purchases—action which is taken by real politicians—is assaulted by the writer.

Hon. Mr. GRIESBACH: Oh, yes, we shall always have politicians running the government. I am not attacking politicians at all; I have a high regard for them.

Hon. Mr. DANDURAND: The honourable gentleman is one of them.

Hon. Mr. GRIESBACH: Yes, we are all politicians, and the government of this country must be in the hands of politicians. I admit all that. But again I say that we have this reputation, that we have evidences of it, and that we have to be on our guard against it—all of us; and we can all make a contribution by talking about it to our neighbours.

I am not at all impressed by the arguments presented. The suggestion that I have to give the name is all poppycock.

Hon. Mr. KING: It is a rule of Parliament.

Hon. Mr. GRIESBACH: As a matter of fact, I have said all I want to say. I assume full responsibility for the statement, and if anybody pursues it too closely, I will talk about some of the things I know.

Hon. Mr. MURDOCK: Fine! Go ahead!

Hon. Mr. HUGESSEN: The workings of the military mind!

Hon. Mr. GRIESBACH: I say that many skilled men who are eager to work are at the present time unemployed. If we developed an armament industry in Canada we should keep all our money at home. We should probably have to pay more for the equipment if it were built here than if we got

it from England, but we could employ our own people. Furthermore, we should be building up a reserve arms industry for the British Empire and in that way relieving the British industry of a load which we are putting on it to-day by ordering from Great Britain the very equipment we might have made here. Just to bring home what that amounts to, I read now the statement given to the Minister by the heads of his military branches as to our requirements. The Minister himself said:

This objective includes the proper weapons and stores of ammunition to put the militia service in a position to discharge with reasonable efficiency its share of the duty of national defence for Canada.

That is perfectly true. That is a perfectly sound statement. We have to rearm our forces.

And here follows a list of what the Minister said was essential in order that our defence forces should be able to discharge their duty properly:

Coast Defence Armament for both East and West Coasts—

- 12 heavy coast defence guns
- 9 mountings for heavy guns
- 4 medium guns
- 3 mountings for medium guns
- 6 light quick-firing guns

Anti-Aircraft Armament—

- 123 anti-aircraft guns with equipment of four different types

Mobile Army Requirements—

- 544 infantry mortars
- 60 medium howitzer equipments
- 20 medium gun equipments
- 500 field gun equipments
- 348 anti-tank equipments

This statement was handed to the Minister about 1936, I should say, for it appears to synchronize with the adoption of this type of equipment by the British Government. This is equipment that we should have in order to put our land forces on a reasonable basis of operation. The Government have been grappling with the question and reflecting and cogitating on the whole matter for at least three years and a half, and they have brought to hand but two classifications: of the 123 anti-aircraft guns which were recommended they have produced 3, and of the 544 infantry mortars which they were supposed to have they now have 5. The whole of this equipment is on order with the War Office in Great Britain at a time when they have not completed the armament of their own forces; and by reason of the adoption of conscription in the Old Country, and the doubling of the territorial army, it will be a matter of years before we can get any of this equipment at all. I mention this merely to support the

general proposition that we should have an armament industry in Canada. I go further. I say that if the Government had embarked on a real policy of rearmament in 1936, half of this rearmament program would have been carried out by now; the guns, the tractors, the armed fighting vehicles and all of these things, to the extent of half our requirements, would have been in our hands by now.

Now I want to discuss another matter, which came before us as the House closed last year. It will be remembered that the right honourable gentleman who leads this side (Right Hon. Mr. Meighen) interrogated the honourable leader of the Government (Hon. Mr. Dandurand) and asked whether any request—I think the word “request” was used—had come from the British Government to the Canadian Government for permission to establish in Canada a training school for the Royal Air Force. An argument followed as to whether or not there had been any “request,” and the right honourable gentleman changed his inquiry. It finally turned out that there was some discussion between the two governments and that the British Government did want to establish training schools in Canada for the Royal Air Force. There were several reasons for this. First of all, hundreds of young Canadians were finding their way to England, at their own expense, and were joining the Royal Air Force. The British Government appeared to take the view that some facilities should be provided to enable these young men to join the Royal Air Force in Canada. Any augmentation of the Royal Air Force is a large program. The strength went up from about 11,000 men to 120,000 men. To bring these young men into complete training, aircraft are required. But there was another reason for wanting to establish training schools in Canada. It was this. If you wish to establish a bombing field you have to take four square miles of country and remove the whole population from it and devote it entirely to this work. It is a serious matter to take four square miles of agricultural territory out of production in England. The next point is that England is a very small country. England and Scotland together are not much more than six hundred miles in length. It is necessary to have long distances over which bombing planes can be tested, not only as to the endurance of the machines themselves, but also as to the endurance of the pilots. Well, if there is one thing which they have not got in England and which we have in Canada, it is distance. We also have all kinds of waste land. Over here it would be possible to carry out training flights of five hundred or six hundred miles from established

Hon. Mr. GRIESBACH.

camps to points in northern Ontario. On such long flights the endurance of pilots would be tested, and there would be opportunity for practising the dropping of bombs.

There was another consideration. When a plane is flying for target practice it will probably carry two bombs, each weighing 1,000 pounds. If a group of twelve or fourteen planes so equipped is flying over a very dense population in England and one of the planes meets with an accident and falls to the ground, a thousand persons may be killed, or a whole town destroyed. Such a risk would not be necessary in Canada, where we have large waste spaces and paucity of population. But the Government of Canada refused to consider the British proposal. There is no doubt about that. The reason given was that the Prime Minister did not think it seemly, or consistent with the dignity of our country, that there should be established here an armed force belonging to another power. In other words, he put Great Britain in exactly the same classification as Poland, Turkey, Roumania, Spain, or any other foreign country. Later on he said that the Government were considering proposals to make an offer to the British Government for the training of Royal Air Force pilots in Canada. We were told the other day, in the speech to which I have been referring, that provision has now been made to train every year fifty pilots and other ranks of the British air forces, in Canada.

Hon. Mr. DANDURAND: Under the laws of Canada.

Hon. Mr. GRIESBACH: Under the laws of Canada, under the instructors of Canada, and under the limited facilities that we have in Canada. Fifty pilots, when they talk of them over there by the five thousands! The training of fifty will be of about as much use to Britain as the proverbial fifth wheel is to a wagon.

And what did we lose by refusing the British proposal? We lost the establishment of camps where from five to six or seven thousand young men would have been in training. Their pay would have been spent here, and large sums of money would have been expended on their food, on the construction of camps, preparation of fields and so on. All these moneys would have come in from outside. And we lost an opportunity of taking care of four or five thousand of our own young men of about eighteen or nineteen years of age, at a time when, as our papers are constantly reminding us, many thousands around that age are walking the streets in a vain search for employment.

I believe that the acceptance of the British offer would have had much to do with encouraging the establishment of an aircraft industry in Canada, which would have meant the putting of many additional millions of dollars into circulation.

I want to make myself quite clear as to the position of the Minister. He has been given certain appropriations in the last four years, and I think it is fair to say that he has made a wise expenditure of the money that he had. I am not criticizing him at all as to his expenditures. He has done something in the matter of coast defence, and he has accumulated a larger supply of military stores. He referred in his statement to a number of other things that had been done, but the two matters I have just mentioned are the most important ones. My complaint is that the appropriations have not been large enough to enable him, or any other Minister, to carry out rearmament of our defence forces. We shall never get anywhere with the kind of appropriations that have been made, and I think proof of that is to be found in the almost negligible progress in rearmament that the Government have made during the last four years. Our defence position is not a bit better to-day than it was four years ago.

Hon. Mr. DANDURAND: But my honourable friend says that what the Minister has done on the coasts is commendable.

Hon. Mr. GRIESBACH: Yes. I said I would abstain from discussing the armament on the west coast, because that raises another question as to where the guns out there came from. The Minister did not see fit to discuss the matter, and I do not intend to go into it. I have some doubt as to whether our coasts are as well protected as they should be, and that is a matter for which we all have some responsibility. I have admitted that there has been an increase in the accumulation of stores. But from the point of view of defensive and offensive qualities, our land forces are not a bit better than they were four years ago. We have tank battalions that are not equipped with tanks; and our machine gun battalions are equipped with very few machine guns, besides being up to a strength of only 31,000 men, which I think is below what it has been for years. Our strength has not been increased, either for offensive or defensive purposes.

Hon. Mr. DANDURAND: What does my honourable friend mean by offensive purposes?

Hon. Mr. GRIESBACH: That is a military expression. I do not care for the distinction that is made between offensive and defensive

forces, but it is a distinction which politicians apparently make. To be on the defensive is considered a worthy thing, but to take the offensive is considered objectionable. So we call our forces defence forces and we speak of our defence estimates, and so on, in order that nobody's feelings may be hurt. And we say that the purpose of our armed forces is the defence of Canada, which of course is just so much poppycock or hokey for the delusion of simple-minded people who worry about such things. It is all very well for politicians to talk about our defence forces, but really our defence forces are of no use unless they are able to take the offensive. It is not enough to resist an enemy; it is necessary to beat him; and to do that you must be on the offensive; you have to out-man him and out-gun him.

Hon. Mr. DANDURAND: Of course my honourable friend is speaking of the contingency of an invasion of Canada by a foreign power.

Hon. Mr. GRIESBACH: That is a contingency.

Hon. Mr. DANDURAND: I do not see it.

Hon. Mr. GRIESBACH: If the honourable leader were in a position to guarantee to the Government and people of Canada that no enemy would ever come to this country, then we should dispense with the whole of our armed forces.

Hon. Mr. DANDURAND: I mean, invasion by the army of a foreign power.

Hon. Mr. GRIESBACH: The United States do not agree with my honourable friend. They conceive the possibility of Great Britain and France being defeated in the next war and having to hand over their navies to the conquerors. The United States also conceive the possibility of being in the front line in the next war, and they consider that the defenceless condition of Canada would be a serious menace to themselves in that eventuality. Of course, what I am speaking of may never happen. But soldiers are like fire chiefs. The mere fact that there has not been a fire in the town for a week is no guarantee that there will never again be another fire there. The fire department has to keep on its toes all the time, in order to be ready whenever a fire does break out.

Hon. Mr. DANDURAND: There is a lot of water, though, to put out the kind of fire my honourable friend was talking about before.

Hon. Mr. BLACK: But water is of no use if you have no fire engine, hose, or other fire fighting equipment.

Hon. Mr. DUFF: You can use a bucket brigade.

Hon. Mr. GRIESBACH: I want to make it clear that I think the Minister has done as well as he could. The responsibility rests upon the Government. Of course, the Minister must bear his share of that responsibility, just as my honourable friend opposite (Hon. Mr. Dandurand) must. In the past four years the Government have done nothing to improve our defence position. As I have already said, they have done nothing to make it any better than it was four years ago, except to secure three anti-aircraft guns, as against 123 that are needed, and five infantry mortars, as against 544 that are needed; and they have added two destroyers to our Navy. But the combined strength of our Army, our Navy and our Air Force is not adequate to take care of the simplest problems of defence. We are unable to protect our own trade routes on either coast. One enemy six-inch-gun cruiser could drive our whole fleet off the seas, or wipe it out. And, I repeat, from the point of view of fighting planes, our Air Force is negligible. The position of our land forces is no better.

From information that reaches me I can assure the Government that our people are getting nervous and apprehensive. The Government will be surprised some day to find that there is a distinct feeling of dissatisfaction with their policy.

Hon. Mr. DANDURAND: In certain quarters.

Hon. Mr. GRIESBACH: In enough quarters to form a majority of the people of this country. The Government may not think so, but they are approaching an election—

Hon. Mr. DANDURAND: I call those bellicose quarters, as admittedly represented by my honourable friend.

Hon. Mr. GRIESBACH: I venture to say that in what I have stated this evening I have represented the views of a great many people of this country, people who believe that our position is distinctly unsound. The Government will in the near future find that it is distinctly unsound if, as everyone now admits, international relations are going to be conducted on the basis of armed strength. We must do something effective in this country, and do it soon. We have lost a great deal of time already.

Hon. Mr. DANDURAND: But my honourable friend's statements are in direct contradiction with the views expressed by the right honourable leader on his side (Right Hon. Mr. Meighen) at the opening of this session:

Hon. Mr. BLACK.

Why continue to have the fact cloaked under this smoky atmosphere of independent defence by ourselves, something we know we are utterly incapable of, something we never professed before, and which we know we cannot possibly develop in days to come?

The right honourable gentleman stated that we must rely on somebody for our defence, and his suggestion was that we must co-operate seriously with Great Britain, but he said that to think of establishing our own defence of Canada was pure nonsense.

Hon. Mr. GRIESBACH: Quite so.

Hon. Mr. BLACK: But we must do our share.

Hon. Mr. GRIESBACH: What he meant to say was that in our present position we are defenceless and that for our defence we must rely upon Great Britain.

Hon. Mr. MACDONELL: In other words, we are living in a delightful place commonly known as Tin Pan Alley.

Hon. Mr. GRIESBACH: I think that is over the head of the honourable leader. What the right honourable leader on this side said is that we are unable to defend ourselves, and if we are being defended at all it is by Great Britain.

Hon. Mr. DANDURAND: He said that Canada could not defend itself.

Hon. Mr. CALDER: Now.

Hon. Mr. GRIESBACH: Now. That is what I am complaining about. What I am saying is that we must no longer have a colonial outlook, but must prepare to defend ourselves. I say that we have the men, the industry, the capital, and the engineering skill to do it, and I predict that what I am saying at this very moment will meet with substantial approval in many parts of this country.

Before I sit down I should like to bring up again the question of the control of our armed forces, which I spoke about a little while ago when we were discussing the Defence Purchasing Board Bill. By law, by Orders in Council, by custom and practice we have developed a system of government of our armed forces which calls for the exercise of responsibility and executive and administrative duties on the part of certain officers at National Defence headquarters. It is essential for the good government of our military forces that not only should these officers be compelled to assume their full responsibility and discharge their duties up to the hilt, but they should be left alone to do so. Now we have a method of parliamentary control, and there stand between Parliament and these officers the Minister and his Deputy Minister. I

want to draw attention to the danger of possible civilian interference with these officers in the discharge of their duties—if such interference has not already occurred; and perhaps I could discuss that. I warn that if we permit it we shall land ourselves in just the same position as we did when we allowed the same kind of thing some twenty years ago. A rather sinister fact has been brought to my notice in the promotion of the Deputy Minister to the rank of Major-General. If that means anything at all it means clothing him with some military power, standing or position which enables him to talk on terms of equality with respect to purely military matters to the soldiers, sailors and airmen who are administering their respective branches. The Government must not permit that. If they do, they will make endless trouble for themselves.

So long as I have an opportunity to raise my voice here I shall be on the watch for that kind of thing and speak against it whenever I see any evidence of it. I shall insist that soldiers, sailors and airmen be left in charge of their respective branches, that they discharge their responsibilities and duties to the hilt, and that in so doing they be not subjected to civilian interference.

In closing I want to urge the importance of establishing a munitions industry in Canada for the equipment of our own soldiers. We have the industry, the resources and the capital necessary to build such an enterprise into a great resource for the whole Commonwealth. The venture would have a business aspect as well. It would mean the expenditure of millions of pounds of British money in our country, and would improve our industrial conditions generally. If we were to proceed along this line, not only should we go a long way towards fulfilling our obligations to our own people and to the other members of the British Commonwealth, but we should also, as I said in opening, be able to play our part within the grand alliance to which we belong, that group of nations who are banded together to maintain the liberties of mankind in this present crisis.

Hon. C. C. BALLANTYNE: Honourable senators, I am sure we are greatly indebted to the honourable senator from Edmonton (Hon. Mr. Griesbach) for the very illuminating and informative address he has given us on the defence of Canada.

I rise at this time merely to express my regret that the Government have not seen fit to implement the late Admiral Lord Jellicoe's minimum naval program, which I referred to in this House some two or three years ago. Lord Jellicoe recommended that

we have three light cruisers armed with 4-inch and 6-inch guns, anti-aircraft, torpedoes, four submarines, and six destroyers. We have the destroyers, but we have neither the submarines nor the cruisers. This is a very serious matter. As has been pointed out by my honourable friend—and I made a similar statement two sessions ago—a light cruiser armed with 6-inch guns could in twenty minutes blow to pieces any of our destroyers that came within range.

Therefore I press the Government to implement the late Admiral Lord Jellicoe's minimum naval defence program, and also to reopen the Naval College. It is a great pity that the Aurora was allowed to rust to pieces some years ago. To-day she would have been a very valuable ship.

Hon. Mr. BLACK: As a training ship?

Hon. Mr. BALLANTYNE: Not only as a training ship, but also as a defence ship. However, I will not dwell on that matter at any length.

Hon. Mr. KING: My honourable friend spoke of the recommendation of three or four years ago. Is he quite certain of the date?

Hon. Mr. BALLANTYNE: I think it is at least two sessions ago that I referred to the matter.

Hon. Mr. KING: His speech was made two years ago, but I am asking when the recommendation was made by Lord Jellicoe.

Hon. Mr. BALLANTYNE: In 1919.

Hon. Mr. KING: That is different.

Hon. Mr. BALLANTYNE: When the honourable leader of the Government (Hon. Mr. Dandurand) rises to reply, either this evening or possibly to-morrow, I wish he would throw some light on certain passages of the speech delivered in the other House last Friday by the honourable Minister of Defence, referring to naval affairs. As reported on page 3492 of Commons Hansard, the Minister said:

It is to be assumed that hostile fleets will be restrained and constrained by the presence of the British and American fleets on the Atlantic and the Pacific, but under modern conditions complete blockade is impossible, and attack upon Canada's overseas trade at its congested points will be by way of minor raiding forces.

Then he proceeds to say—and this is a good deal more important than what I have just quoted:

Beyond our focal sea areas Canadian overseas trade receives a measure of protection by the British Navy on the north Atlantic route and by the United States Navy on the coastal route to the Panama canal.

As this country is part of the Empire, if we should become embroiled in war, how would it be possible to count on the United States Navy to safeguard our trade routes on either the Atlantic or the Pacific ocean, unless that country happened to be an ally? It seems to me this was a rather strange statement for the Minister to make. I can understand the British fleet doing everything possible to protect our trade routes and our coast defences, but how can we possibly count on our friends the Americans coming to our aid, as he plainly states, unless they are our allies?

When the honourable leader of the Government speaks, I hope he will tell us what commitments we have made with England. I presume they are what I have quoted—that the Government have arrived at some arrangement with the Imperial authorities as to what they would be prepared to do, should war break out, in the way of protecting our sea routes and our coasts, and as to whether we could depend on the north Atlantic fleet doing so. If we have any military alliance with our neighbours to the south, as the remarks of the Minister of Defence would indicate, probably the leader of the Government would be good enough to tell us about it.

I think the right honourable leader on this side (Right Hon. Mr. Meighen) wishes to speak on the subject, and if nobody else desires to continue the debate to-night, I move that it be adjourned to the next sitting of the House.

The motion was agreed to.

CRIMINAL CODE BILL

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 90, an Act to amend the Criminal Code.

He said: Honourable members who have looked at this measure will have found it is somewhat in the nature of what is termed an omnibus Bill. It contains a number of amendments to the Criminal Code. It is a Bill of the kind which we have come to regard as a hardy annual. Some of the amendments are important, but I suggest that we give the Bill second reading now, and that to-morrow in Committee of the Whole we discuss the amendments in detail.

Hon. Mr. BLACK: Does the honourable leader of the House propose to have this Bill referred to Committee to-night or have it stand over until the next sitting of the House?

Hon. Mr. BALLANTYNE.

Hon. Mr. DANDURAND: I was told that an honourable senator had indicated his interest in the Bill. I could not reach him when I came into this Chamber. So we might take second reading now and go into Committee of the Whole to-morrow.

Hon. Mr. BALLANTYNE: All right.

Hon. Mr. McMEANS: I suggest this Bill be sent to a special committee. The Criminal Code has been amended so frequently that it has become very voluminous. I have always taken an interest in amendments to the Code.

Hon. Mr. DANDURAND: Most of the amendments are suggested by the Attorneys-General of the provinces.

Hon. Mr. McMEANS: I do not care anything about that.

Hon. Mr. DANDURAND: But they carry some weight by reason of such recommendation. Of course, we are not bound by the opinion that may be behind the suggested amendments, but I am quite sure that if my honourable friend between now and to-morrow will peruse the Bill he will find very little reason for taking exception to it.

Hon. Mr. McMEANS: We shall have to provide more gaols.

Hon. Mr. DANDURAND: Oh, not because of these amendments.

Hon. Mr. McMEANS: I think so.

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

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

The motion was agreed to.

DIVORCE BILLS

SECOND AND THIRD READINGS

On motion of Hon. Mr. Robinson, Chairman of the Committee on Divorce, the following Bills were read the second and third times, and passed, on division:

Bill U2, an Act for the relief of Roberta Copeland Cool Roberts.

Bill V2, an Act for the relief of Margaret Maud Turner Bell.

Bill W2, an Act for the relief of Janni Kalmanowitz Rittner.

Bill X2, an Act for the relief of Ambrose Tibbitts Aston.

Bill Y2, an Act for the relief of Anne Ver Trees Hart Acena, O.

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

THE SENATE

Tuesday, May 2, 1939.

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 Right Hon. Sir Lyman P. Duff, acting as Deputy of the Governor General, would proceed to the Senate Chamber this day at 5 p.m. for the purpose of giving the Royal Assent to certain bills.

PRIVATE BILL

FIRST READING

Bill Z2, an Act to incorporate the Prescott and Ogdensburg Bridge Company.—Hon. Mr. Horsey, for Hon. Mr. Little.

SUSPENSION OF RULE

Hon. Mr. HORSEY moved that rule 119 be suspended so far as it relates to the Bill.

He said: The purpose of this motion is to dispense with the requirement of seven-day posting of the Bill before its consideration by the committee.

Right Hon. Mr. MEIGHEN: I suggest the honourable member postpone his motion until to-morrow. By that time we shall be able to read the Bill. I have no reason to oppose the measure. In fact I know nothing about it, as it has just been introduced.

The Hon. the SPEAKER: The motion will be put down for consideration on Thursday.

Hon. Mr. HORSEY: Very well. I had hoped the Bill might be given second reading to-day and referred to committee.

Hon. Mr. DANDURAND: The motion for second reading is down for Thursday.

Right Hon. Mr. MEIGHEN: We can deal with the matter then.

CRIMINAL CODE BILL

CONSIDERED IN COMMITTEE

On motion of Hon. Mr. Dandurand, the Senate went into Committee on Bill 90, an Act to amend the Criminal Code.

Hon. Mr. Duff in the Chair.

Sections 1 and 2 were agreed to.

On section 3—resisting execution of search warrant:

Hon. Mr. DANDURAND: This is simply to add the word "air."

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

Section 3 was agreed to.

On section 4—search:

Right Hon. Mr. MEIGHEN: What is this?

Hon. Mr. DANDURAND: The object of this amendment is to correct a clerical error.

Right Hon. Mr. MEIGHEN: It should have been "eleven" instead of "ten."

Hon. Mr. DANDURAND: Yes.

Section 4 was agreed to.

On section 5—evidence; onus of proof:

Hon. Mr. DANDURAND: The object of this amendment, which is made at the request of the Deputy Attorney-General of British Columbia, is to eliminate the necessity of the Crown proving that the accused has no visible means of support, and to prevent persons so charged from avoiding provisions of the subsection by having what the City Prosecutor of Vancouver calls "an 'alibi job,' such as a sixth interest in a cigar stand or bootblack chair." The words "and has no visible means of support" are stricken out; so the clause will read:

Where a male person is proved to live with or to be habitually in the company of a prostitute or prostitutes, or to live in a house of prostitution, he shall, unless he can satisfy the court to the contrary, be deemed to be living on the earnings of prostitution.

Hon. Mr. McMEANS: That section is very indefinite. In the first place it says "habitually in the company of a prostitute or prostitutes." You will have to prove first that they are prostitutes, and I fancy there will be some difficulty in doing that. It seems to me the section is very badly drawn. It says, "where a male person is proved to live with or to be habitually in the company of a prostitute or prostitutes." That should be within his own knowledge.

Hon. Mr. DANDURAND: Of course the onus of proof is upon the prosecution.

Hon. Mr. McMEANS: Not necessarily; and I do not think the onus should be upon the accused. If he is accused of a certain offence, surely the Crown should prove the offence. To my mind the section is entirely useless.

Section 5 was agreed to.

On section 6—prohibiting driving; copy of order for registrar:

Hon. Mr. DANDURAND: This is simply a question of procedure. The object of this amendment is to require a copy of an order, which may be issued, to be forwarded to the registrar of motor vehicles in any province wherein a licence or permit to drive has been issued to the person convicted, so that the provincial authorities may have a record of such order. The proposed amendment, which is indicated by underlining and vertical line in the text, reads as follows:

In the event of such an order being made the court or justice shall forward a copy thereof to the registrar of motor vehicles for the province wherein a permit or licence to drive a motor vehicle or automobile was issued to such person. Such copy shall be certified under the seal of such court or justice or, if there be no such seal, under the hand of a judge or presiding magistrate of such court or of such justice.

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

Hon. Mr. DANDURAND: It is of no great consequence, but it will be useful.

Section 6 was agreed to.

On section 7—publication of false advertisements to promote sales, etc.:

Right Hon. Mr. MEIGHEN: This section is all right, but certainly the English would be improved if the words "either directly or indirectly," in line twelve, were placed after the word "promoting," instead of being before it as they now are. The wording would then read, "for promoting either directly or indirectly."

Hon. Mr. DANDURAND: I bow to my right honourable friend's superior knowledge of English.

Right Hon. Mr. MEIGHEN: The objection to the split infinitive is not just technical. This is not a split infinitive, but is somewhat like it.

Hon. Mr. MURDOCK: I move that the change suggested by the right honourable gentleman be made; that is, that the word "promoting" be taken out of the thirteenth line and placed in the twelfth line between the words "for" and "either."

The CHAIRMAN: If the amendment is agreed to, the wording will be:

Every person who publishes, or causes to be published, any advertisement for promoting either directly or indirectly the sale or disposal . . .

and so on.

Hon. Mr. McMEANS.

The amendment was agreed to, and section 7 as amended was agreed to.

Section 8 was agreed to.

On section 9—receiving clothing or furniture from soldiers, airmen or deserters:

Hon. Mr. DANDURAND: The object of this amendment is to make the section applicable to airmen as well as soldiers. The only change is the addition of the word "airman."

Hon. Mr. McMEANS: It seems to me that the penalty of five years is excessive. The justice of the peace, or presiding judge, would have no discretion whatever, but must impose a sentence of five years, if there were a conviction. That seems to me severe.

Hon. Mr. DANDURAND: There is no change in the penalty.

Hon. Mr. MURDOCK: The only change is the insertion of the word "airman," so as to make the section applicable to airmen.

Section 9 was agreed to.

Section 10 was agreed to.

On section 11—refusing to employ, etc., members of a trade union; intimidation to prevent workmen from belonging to a trade union:

Hon. Mr. McGUIRE: Honourable members, I think this clause might well be considered further. The object of the amendment here is apparently to ensure the freedom of workmen, but, as the section stands, it applies only to workmen who are trade unionists. I suggest that a couple of words be inserted, so that it would apply to all workmen. The section makes an employer liable if he refuses to employ or dismisses a workman simply because he is a trade unionist, but there is no reference to workmen who are not members of trade unions. I would suggest that after the word "is" in line 33, the words "or is not" should be inserted. This would make the section read:

Any employer or his agent, whether a person, company or corporation, who wrongfully and without lawful authority

(a) refuses to employ or dismisses from his employment any person for the sole reason that such person is or is not a member of a lawful trade union . . .

and so on.

Hon. Mr. GRIESBACH: What would be the offence then?

Hon. Mr. McGUIRE: That would prevent a man from being penalized because he did not belong to a trade union. It should not

be necessary for a workman to join a trade union in order to be eligible for employment, or free from the risk of dismissal if he is employed.

I suggest that in order to provide the alternative in paragraph (b) the words "belong to or" be inserted between the word "to" and "abstain," in line 43. That paragraph would then read:

(b) seeks by intimidation, threat or loss of position or employment, or by actual loss of position or employment, or by threatening or imposing any pecuniary penalty, to compel workmen or employees to belong to or abstain from belonging to such a trade union or such an association or combination to which they have a lawful right to belong.

As I say, this amendment in the Criminal Code is intended to protect the freedom of workmen. I submit that it should apply to all workmen—

Hon. Mr. POPE: Hear, hear.

Hon. Mr. McGUIRE: —and not alone to workmen who belong to trade unions.

Hon. Mr. DANDURAND: Honourable senators, I am unable to grasp my honourable friend's argument. As the explanatory note says:

The object of this amendment is to make it an offence to unlawfully refuse to employ a person, or to dismiss a person, for the sole reason that such person is a member of a lawful trade union or association, or to seek, by intimidation or threat, to compel an employee to abstain from belonging to such a trade union or association, or to conspire with any other employer to do any of these things. The section is new.

It bears on a special situation. It protects the right of a workman to belong to a lawful trade union, or a lawful association or combination of workmen or employees formed for the purpose of advancing their interests in a lawful manner. In these circumstances I should not be disposed to alter the form of the section, which has been prepared with considerable care by the Department of Justice in order that we may effect the desired purpose and remain within our constitutional jurisdiction.

Right Hon. Mr. MEIGHEN: I do not object to the amendment proposed by the honourable senator from East York (Hon. Mr. McGuire), though I do not think many employers will dismiss a man solely because he is not a member of a trade union. There are some odd features to this new section. A man ought not to be dismissed just because he is a member of a trade union. Indeed, no man should be dismissed for any lawful act. So long as it is lawful for a man to be a member of a trade union, he should not be

punished for that. It seems to me that when legislation is being passed to prevent intimidation or threats which would have the effect of keeping a man out of a union, it would be logical to legislate the converse also, against intimidation or threats to get a man into a union.

Hon. Mr. DANDURAND: I draw my right honourable friend's attention to the fact that members of two unions may be working under the same roof.

Right Hon. Mr. MEIGHEN: Yes.

Hon. Mr. DANDURAND: Then there would be a question of what pressure could be exerted against an employee because he did not belong to the union of which a majority of workers in the plant were members.

Right Hon. Mr. MEIGHEN: The honourable gentleman has missed my point, which is that if you make it impossible or dangerous to seek by intimidation or threat to prevent a man from joining a union, you ought also to make it an offence to seek by intimidation or threat to compel a man to join a union. Workmen ought to be left free to exercise their own choice.

Then I find it difficult to understand why an employer should be punished because he does not hire a man.

Hon. Mr. FARRIS: It has to be solely because the man is a member of a trade union, though.

Right Hon. Mr. MEIGHEN: If I am a member of a union and apply to an employer for work, he cannot refuse to take me on if his sole objection is that I am a member of a union. If he does so refuse, he commits an indictable offence. Why should it be an offence not to do something?

Hon. Mr. FARRIS: How will it be possible to obtain a conviction under this, in any event?

Right Hon. Mr. MEIGHEN: I do not know. I think I am aware of what is in the mind of my learned friend from Vancouver South (Hon. Mr. Farris). I do not think there need be any fear and trembling throughout the land as long as the words "wrongfully and without lawful authority" are retained.

Hon. Mr. MURDOCK: At the request of my leader I move:

That in line 41 of paragraph (b) of section 11 the word "causing" be inserted after the word "by."

The amendment was agreed to.

The CHAIRMAN: Shall the clause as amended carry?

Hon. Mr. GRIESBACH: What has the honourable gentleman who leads the Government (Hon. Mr. Dandurand) to say on the question of whether we have jurisdiction to pass this legislation? There is some fairly substantial opinion that we have no such right. Last year, when a similar bill was before the other House, the Minister of Labour said, as reported in the Commons Hansard at page 2971:

There is in this measure, however, a very definite attempt to secure protection of the right to organize by an amendment to the Criminal Code, and it is the opinion of the law officers of the Department of Justice that such legislation would be colourable and that the proper means of giving due effect to freedom of association lie within the jurisdiction of the provincial legislatures. In those circumstances, therefore, obviously the Government cannot accept legislation which, in the opinion of the law officers of the Crown, would be inoperative and invalid.

The Minister of Justice had spoken along much the same lines earlier in the same year. As reported at page 840 of the Commons Hansard, he said:

But my honourable friend wants to go further than that. He wants to make a crime of something which in pith and substance relates to contract and comes under property and civil rights, and under our constitution is within the jurisdiction of the provinces.

Those are two weighty opinions. I should like to know how the honourable gentleman reconciles the introduction of this Bill by the Government in face of the opinions of those two Ministers who themselves last year quoted the law officers of the Crown as authority for a contrary view.

Hon. Mr. HUGESSEN: It was not the same legislation.

Hon. Mr. GRIESBACH: The principle was the same.

Right Hon. Mr. MEIGHEN: I do not know that the wording was exactly the same, but undoubtedly if the argument applied to the other wording it applies also to this.

Hon. Mr. DANDURAND: The Minister of Justice was asked in the other House:

Could the Minister indicate what legal constitutional interpretation there is of the term "lawful trade union" or "lawful association"?

He replied:

This, as in the case of other words in this section, is for the purpose of ensuring that the section will be held valid and within the jurisdiction of this Parliament. As my honourable friend knows, in a general way relations between employers and employees and labour matters in general are under provincial jurisdiction, and if in any province there was anything that pro-

Hon. Mr. MURDOCK:

vided that a certain union was not lawful in that province, of course this clause would not apply.

The Minister of Justice proceeded to state that in every province but one legislation had been passed lately, and was merely strengthened by the intervention of the Parliament of Canada through the Criminal Code.

Right Hon. Mr. MEIGHEN: Did the Minister of Justice say, in effect, something had been done to the former bill to bring it within the jurisdiction of Parliament? If so, what was done?

Hon. Mr. DANDURAND: I will read his statement. After this clause had been commended by all those in the other Chamber who rose to express an opinion, the Minister of Justice said:

Obviously this section meets with the approval of all honourable members in the Committee. I may say the drafting of the clause was difficult. The difficulty arose in framing it in such a way as to permit its being upheld by the courts. We had it in mind also to frame it in such a manner that it would not result in unfairness or injustice to anybody. That is why certain words, which the honourable member for Winnipeg North Centre (Mr. Woodsworth) has mentioned, such as "wrongfully and without lawful authority," have been inserted in the section.

I agree with the honourable member for Kootenay East (Mr. Stevens) that it is not desirable to use the Criminal Code for all sorts of purposes, especially in connection with matters which are rather within provincial jurisdiction. When the bill proposed last year by the honourable member for Winnipeg North Centre was being discussed, I referred to the decision of the Privy Council in connection with the Insurance Act of 1917, and I quoted the words of Chief Justice Duff, who sat on that case. I quote them again:

... "Their Lordships think it is no longer open to dispute that the Parliament of Canada cannot, by purporting to create penal sanctions under section 91, head 27, appropriate to itself exclusively a field of jurisdiction in which, apart from such a procedure, it could exert no legal authority, and that if, when examined as a whole, legislation in form criminal is found, in aspects and for purposes exclusively within the provincial sphere, to deal with matters committed to the provinces, it cannot be upheld as valid."

That is what made the matter difficult. There is no doubt that matters concerning labour are provincial in scope. The provinces have to do with hours of labour, wages and relations between employers and employees. I was afraid that the bill presented last year could be challenged successfully by any employer against whom proceedings might be taken. As the Committee knows, employers would have the means to go through all the courts. It is desirable that legislation should be proof against the possibility of adverse judgment by the courts. The trade union officers realize that, and they have applied to all the provinces to do what my honourable friend recommended should be done by this Parliament. As my honourable friend said last year, and as the trade unions stated in their brief presented to the Rowell commission,

the trade unions want the Federal Parliament to supplement the provincial legislation and take a stand as to the validity of labour unions and the right of labour to belong to a union.

Last year I gave a list of the provinces which had adopted legislation making it unlawful for an employer to dismiss an employee because he was a member of a union. Practically all the provinces have now adopted legislation which entitles us to pass this implementing legislation. In spite of what the honourable member for Broadview (Mr. Church) said, the province of Ontario has no legislation of this kind. However, I am happy to see in the press that a bill has been presented. If it is accepted by the Ontario Government, there will then be no province in which the act of an employer in dismissing an employee for membership in a labour union will not be considered unlawful. In Quebec the Fair Wage Act, chapter 50 of the Statutes of 1937, and another Act, chapter 49, respecting workmen's wages, deal with this question. It is specially stated that whoever prevents by threats or otherwise an employee from becoming a member of an association, and so forth, or who makes an attempt upon the freedom of an employee by dismissing him because he is a member of an association, commits an unlawful act.

I am sure, and it is the opinion of the officers in the Department of Justice, the legislation of the various provinces being what it is to-day, that Parliament has the right to pass this legislation and adopt the principle of the Bill of the honourable member for Winnipeg North Centre merely by adding the few words which have been inserted in the section. As to the fear expressed by the honourable member for York South, I do not think he needs to worry. The section has been carefully drafted, and as the Leader of the Opposition (Mr. Manion) mentioned, the word "sole" is put there for the purpose of protecting the employer who may have other reasons for dismissing an employee. An employer is committing a crime only when he dismisses an employee for the sole reason that he belongs to a labour union. I think that is protection against the situation suggested by the honourable member for York South.

In conclusion I need only say that the Bill of the honourable member for Winnipeg North Centre was discussed last year. Even this year there was almost unanimous approval, the constitutional difficulty being the only obstacle to its acceptance. I think that has been overcome, and I believe this legislation will make it clear that employees in this country have the right to belong to trade unions.

Right Hon. Mr. MEIGHEN: I thoroughly appreciate the argument of the Minister of Justice. I do not think this legislation will ever go to the Privy Council. It is merely intended as a bid for the labour vote. That fact could not be made plainer if it were written across the top.

Hon. Mr. DANDURAND: Has it not come before Parliament for a number of years?

Right Hon. Mr. MEIGHEN: Oh, yes; but what is now being handed Labour is just an empty dish. The Minister's reasoning makes clear that the dish is empty. He said the Bill was ultra vires before the insertion of the

words on which he laid such stress. And it was. It sought, by making certain actions of the employer criminal, to invade the jurisdiction of the provinces in respect of contracts between employer and employee. In that way we have the same circuitous humbug which we had when Parliament made insurance companies guilty of crime if they carried on business without a Dominion licence. Consequently the Minister of Justice said: "This is just the same kind of legislation. It really relates to contracts and therefore is provincial, but if we make it a crime we secure jurisdiction." He added that that reasoning was exposed in the insurance case; and he was right. But now he argues: "Inasmuch as we have inserted the words 'wrongfully and without lawful authority' we bring the legislation within federal jurisdiction." He made it plain to me why this is so, but I doubt whether it would be plain to others who have not followed his interpretation of the law. If under the law of a province it is wrongful and illegal for an employer to dismiss an employee because he is a member of the union, then such dismissal is wrongful. Therefore, wherever the dismissal is wrongful, it is wrongful by virtue of a provincial law, and the penalty is already prescribed therein. This Parliament comes along and says: "What the provincial law has said to be wrong we will say is wrong, and we too will prescribe a penalty." Now, what is the sense of that? It is just sham.

Hon. Mr. POPE: Nonsense.

Right Hon. Mr. MEIGHEN: The province must first say the dismissal is wrong; otherwise this legislation will not apply. That is the argument of the Minister; and the Minister is right. If it is wrong within the province now, Labour has everything it needs. So we are just coming upon the scene arbitrarily, without any real purpose, and are declaring something to be wrong because the provinces declare it to be wrong. Now, if Ontario does not pass an Act—I do not know whether it has done so or not, but I think I have seen a statement that it had not—this measure does not create an offence within Ontario at all, for the doing in that province of what is referred to here is not without lawful authority, and therefore this measure does not apply. So what this section does is to make certain action an offence in a place where you need not make it an offence at all, and to omit to make it an offence where it is necessary to make it one. It is just an effort to catch the vote.

Hon. Mr. FARRIS: On looking at subsection (b) it will be seen, I think, that that argument would not apply, because intimidation, I take it, is a wrongful act.

Right Hon. Mr. MEIGHEN: It must first be wrongful and without lawful authority.

Hon. Mr. FARRIS: I think that what is involved in subsection (b) would be a common law wrong.

Right Hon. Mr. MEIGHEN: Then it would already be an offence against the Code.

Hon. Mr. FARRIS: But these are civil wrongs which are converted into criminal wrongs.

Right Hon. Mr. MEIGHEN: Is intimidation not a criminal wrong?

Hon. Mr. FARRIS: It may be in some instances.

Right Hon. Mr. MEIGHEN: If you seek to compel a man to do something by first making him afraid, that is an offence.

Hon. Mr. FARRIS: There are a great many forms of intimidation that are not criminal wrongs, and in virtue of this section anything that is a civil wrong, whether it is a criminal wrong or not, would become a criminal wrong.

Hon. Mr. DANDURAND: Carried!

Right Hon. Mr. MEIGHEN: It is absolutely harmless. Pure "eye-wash."

Hon. Mr. DANDURAND: The labour unions did not think so, for they have been constantly appearing and asking for it.

Right Hon. Mr. MEIGHEN: I suggest that they read the speech of the Minister of Justice, which is a very good one.

Section 11 was agreed to.

On section 12—limitation as to powers of money-lenders:

Hon. Mr. MARCOTTE: Mr. Chairman, it seems to me that we are going a little too fast in creating a crime when a penalty has already been provided in the Small Loans Act, which was passed a few days ago. Clause 3 (1) of that Act said:

Any money-lender who enters into a transaction in contravention of the provisions of this section shall be guilty of an indictable offence and liable, if an individual, to imprisonment for a term not exceeding one year and to a penalty not exceeding one thousand dollars and, if a corporation, to a penalty not exceeding five thousand dollars.

Now, without even knowing whether this law is going to work or not, without even knowing whether there will be a breach of

Right Hon. Mr. MEIGHEN.

this law, we make the transaction referred to a crime, and say in sub-clause 504 of section 12 of this amending Bill:

Any money-lender who enters into a transaction in contravention of the provisions of this section, shall be guilty of an indictable offence and liable, if an individual, to imprisonment for a term not exceeding one year and to a penalty not exceeding one thousand dollars and, if a corporation, to a penalty not exceeding five thousand dollars.

It seems to me we are going rather fast. We should at least give the law passed a few days ago an opportunity to prove whether it is workable or not.

I do not want to seem to be protecting the money-lender, but let us look at what is called "cost," and see how this provision would work, for example, in Saskatchewan. We have poor people there. Suppose a man wants to borrow \$100 for one month. According to the section before us, the cost shall not exceed \$2 a month. Take a chattel mortgage as security: it costs \$3 to write it, 75 cents to swear the affidavits, 50 cents to register it, and 25 cents to make the search; or a total of \$4.50. The lender can charge only \$2. At that price, if money-lenders operate at all, they will form a charitable institution.

Hon. Mr. DANDURAND: We make philanthropists of the money-lenders. I think they will succeed in adapting themselves.

Right Hon. Mr. MEIGHEN: In evading the law, the Minister means.

Hon. Mr. DANDURAND: Oh, no.

Right Hon. Mr. MEIGHEN: That is popular.

Section 12 was agreed to.

On section 13—refusing to make alterations, etc.:

Right Hon. Mr. MEIGHEN: The Fire Marshal of Ontario wrote me with regard to this Bill, and I am pretty sure this must be the section to which he referred.

Hon. Mr. HAIG: It covers the situation.

Section 13 was agreed to.

Sections 14 to 26, inclusive, were agreed to.

On the preamble:

Hon. Mr. CALDER: Mr. Chairman, if I may do so, I should like to refer to section 7 of the Bill, which deals with the penalty for the publication of false information in advertisements. I am not opposed to the principle at all, but it strikes me that the provision goes pretty far. If, in order to sell goods, a person publishes or causes to be published "any statement purporting to be

one of fact which is untrue, deceptive or misleading," he is liable upon summary conviction to a penalty not exceeding \$200, or to six months' imprisonment. We all know that there are hundreds of advertisements throughout this country respecting which there is at least very grave question as to whether or not they are misleading or deceptive.

Hon. Mr. MURDOCK: That is pretty hard to cover.

Hon. Mr. CALDER: Every day and every night the air is filled with all sorts of exaggerated statements which are made over the radio to bring about sales. One question that occurs to me is whether we should not insert in this section some qualifying provision that would to some extent safeguard innocent persons. You will notice that there is a provision protecting newspaper publishers. Suppose I am a merchant, and I buy goods from a manufacturer in Toronto for the purpose of selling them. In the course of his business that manufacturer in Toronto makes certain representations to me as to the quality and use of the goods, and that sort of thing. On the basis of that information I make up an advertisement. As soon as that advertisement appears, anyone who wishes to do so can attack me on the ground of its inaccuracy, and unless I can prove it to be accurate I immediately become liable, on summary conviction before a magistrate, to a penalty of \$200 and six months in prison. That seems to me to be dangerous.

Hon. Mr. DANDURAND: I would point out to my honourable friend that this section is not new. The fact that it is old does not necessarily mean that it is perfect, but it has been on the Statute Book for some time. I cannot trace it back to the time when it first appeared in our criminal law. I would draw my honourable friend's attention to the amendment now before us, which is in these words: "or promoting any business or commercial interests." I think this amendment is worthy of adoption, because, especially in the promotion of new business, false representations are made which induce innocent persons to join in such ventures. It seems to me that we are under obligation to offer some protection to people approached by oily tongued individuals who make representations for the promotion of a business or commercial venture. The object of this amendment is to make the provisions of the subsection apply not only to a false advertisement respecting the sale of real or personal property, but also to a false advertisement promoting any business or commercial interest. The proposed amendment is indicated by the underlined words in the

text. It seems to me that, if there is any virtue in the clause itself, it is improved by the addition of these words. Of course we are on somewhat delicate ground, because there are many ways of reaching the public and making representations.

Hon. Mr. CALDER: The matter may be very difficult.

Right Hon. Mr. MEIGHEN: The proviso seems rather odd. It says:

Provided that any person publishing any such advertisement accepted in good faith in the ordinary course of his business shall not be subject to the provisions of this subsection.

Accepted by whom? By himself?

Hon. Mr. CALDER: The publisher.

Right Hon. Mr. MEIGHEN: That refers only to the newspapers?

Hon. Mr. DANDURAND: Yes.

Right Hon. Mr. MEIGHEN: Oh, they always get off.

While on my feet, may I ask the leader of the Government whether he has received requests from any business interests that they be heard regarding this Bill? I received some such requests, and told the writers that the proper person to refer to would be the Minister.

Hon. Mr. DANDURAND: My secretary informed me yesterday that a gentleman, whose name is well known in the labour world, wanted to see me before this Bill passed. I told my secretary to notify him that the Bill would be considered in Committee to-day. I have had no further information.

Right Hon. Mr. MEIGHEN: That is not what I mean. I had a request for a hearing from certain employers of labour who were opposing the Bill. I did not say they would be heard, but I intimated that if they wrote the leader of the Government he would, I was quite confident, have the Bill referred to a committee.

Hon. Mr. DANDURAND: I have received no information in regard to that.

Right Hon. Mr. MEIGHEN: I suppose they came to the conclusion that the legislation was just a mockery anyway. They referred to only the one clause.

Hon. Mr. DANDURAND: My right honourable friend treats our legislation lightly.

The preamble was agreed to.

The title was agreed to.

The Bill was reported, as amended.

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 AND SECOND READINGS

Hon. Mr. ROBINSON, Chairman of the Committee on Divorce, presented the following Bills, which were read the first time:

Bill A3, an Act for the relief of Dorothy Boretzky Pozomick.

Bill B3, an Act for the relief of Elsie Victoria Oliver.

Bill C3, an Act for the relief of Doris Mabel Casselman.

Bill D3, an Act for the relief of Kathleen Emma Gladys Smart Higginbotham.

Bill E3, an Act for the relief of Rose Edith Winer Bazar.

Hon. Mr. ROBINSON: 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.

STATE OF CANADA'S DEFENCE

DISCUSSION CONTINUED

The Senate resumed from yesterday the adjourned debate on the question proposed by Hon. Mr. Griesbach, calling the attention of the Senate to the state of the defence of Canada.

Hon. C. C. BALLANTYNE: Honourable senators, the naval defence of Canada is at all times a very serious problem, and it has been especially so during the last few years. At the present time it is an acute problem. In the circumstances I should be glad to obtain some information through the honourable leader of the Government (Hon. Mr. Dandurand). The Government discarded the Jellicoe plan of three light cruisers and four submarines, which had been arrived at only after Canada's naval needs had been expertly examined. What examination, by what experts, preceded the adoption of the present destroyer policy? Who advised the Government to digress from the Jellicoe plan?

Hon. Mr. DANDURAND: When was that Jellicoe plan made public?

Hon. Mr. BALLANTYNE: I am sure the House is aware that during the Imperial Conference of 1918 the Prime Ministers of the overseas Dominions, accompanied by their

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Ministers of Defence, met in London, where the question of naval defence was discussed. It was unanimously agreed that the very distinguished Admiral Lord Jellicoe should tour the Dominions, consult with the various governments and give expert technical advice, as he was so well qualified to do. I happened to be at the time Minister of Naval Defence for Canada. Admiral Lord Jellicoe spent some six weeks in this country, during which time he had discussions not only with me, but with the Government, and his final report recommended as a minimum program the plan which I have referred to.

Hon. Mr. DANDURAND: What year was that?

Hon. Mr. BALLANTYNE: 1919. It may be asked why this program was not implemented years ago. For a period following the War, as honourable senators know, all countries were considering disarmament. As a matter of fact, a Disarmament Conference was held at Washington in the year 1921. So there was very good reason why Lord Jellicoe's recommendation was not carried out by the governments which were in office from 1919 up to, say, three or four years ago. But in view of the extreme anxiety which we have undergone in the last two years, and the most serious condition now existing in Europe, I cannot understand why the present Government have not implemented that very reasonable program. I brought it to the attention of this Chamber some two sessions ago. I do not want to repeat what I said then, but I should just like to remind honourable members of a reference I made to the state of affairs which developed on our Atlantic coast in 1918. German submarines, which were at that time off the coast, fired upon a number of our fishing boats and sank one ship of some 7,000 tons. We could get no help at all from England, and had our neighbour to the south not happened to be one of our war allies at the time and not sent a cruiser to patrol our seaboard, matters would have become a great deal more serious.

During these last few years we have been without submarines and light cruisers, confining our naval defence to destroyers, two of which are new and four second-hand, three of them ten years old. The Royal Navy set aside a number of destroyers as being obsolescent, but not obsolete, and we bought four of that type. I have felt for many years, and more so lately than at any other time, that the Minister of Defence and the Government have not really been alive to the seriousness of our lack of naval defence. As I said on a previous occasion, I do not pose as an

authority. However, it seems to me clear that if we are going to be attacked at all it will be from either the sea or the air. To-day the German fleet is no longer bottled up in the Kiel canal. About forty of its vessels are in Mediterranean waters, and if unfortunately war were to break out, our Atlantic seaports might be attacked by some of those ships. A number of them are most likely equipped for raids, and would be engaged in hit-and-run undertakings. Besides, German submarines would in all probability come over here again.

Yet we have no submarines or light cruisers for our own defence. All we have are a few mine-sweepers and destroyers. I know the destroyers would be very effective in dropping depth charges, provided the positions of submarines were known; and considerable damage could be done if it were possible to shoot torpedoes within the range of an enemy ship. But the guns on our destroyers, as I said last night, are not larger than 4.7, and these would not be of much use against the six-inch guns on enemy light cruisers.

What I am particularly anxious to know is why the Department of National Defence, and particularly the Naval Branch, have not given the consideration that should have been given to the plan recommended by such a distinguished and experienced man as Admiral Lord Jellicoe, who during the War was Commander in Chief of the greatest of all naval fleets.

Hon. EUGENE PAQUET (Translation): Honourable senators, while speaking on the necessity of defending our country, I do not wish to discuss the participation of Canada in extra-territorial wars. In 1917 conscription was a great mistake. Those who understand the mentality of French Canadians know it will be impossible in the future to enforce overseas military service.

"Canadians should not be forced to go and fight on foreign soil." I am proud to see that the leader of the Conservative party is against conscription. Let there be no further question of compulsory participation by Canada in Imperial wars. I wish to make sure of Canada's real defences and of the protection of Canadian territory. Public opinion is favourable to a rational policy, made up of reasonable measures for the defence of Canada.

The Conservative leader's statement in the House of Commons against conscription satisfied my compatriots and calmed their fears.

Hon. Mr. DANDURAND: Why not add at the same time the name of the Prime Minister, as they both spoke along the same line?

Hon. Mr. SAUVE: He will. His speech is not over yet.

Hon. Mr. PAQUET: I shall do so at the end of my speech.

My first duty is to work for the maintenance of national unity. As has been said, "National unity is assured so long as the main purpose is to safeguard the rights of the Canadian people."

The Minister of National Defence asks Parliament to vote \$63,000,000. We must bring our material up to date, so it will be on the same footing as that of other countries. We must protect our trade routes. Canada has become vulnerable. Aeroplanes and submarines are new factors of importance. I know my compatriots wish to defend Canada, our religion, our liberties and our institutions. They are ready for such sacrifices, and will not shirk them.

I must state that I am opposed to compulsory participation of Canada in foreign wars.

In discussing this grave question of Canada's defence and our participation in the wars of the Empire, we must consider the interests of Canada. The honourable member from Edmonton (Hon. Mr. Griesbach) called our attention to the defence of Canada. I wish to speak in a truly Canadian spirit in making a few remarks on a question which ruined my political career, threatened Canadian unity, and might to-morrow endanger the lives of our brothers and our children.

On the 31st of March last I was bitterly disappointed. Thanks to the Statute of Westminster, I thought Canada's foreign policy might be that of an entirely independent nation. I do not wish to make light of the noble efforts put forth in the course of this century towards the winning of our national independence. The right honourable Minister of Justice stated on March 31, 1939, that our independence is not absolute, and that the Statute of Westminster had not conferred upon us complete autonomy. The words spoken by the right honourable Minister of Justice troubled me and disquieted the whole country.

Further, the Prime Minister of Canada repeated a famous argument heard during the debates on the Navy: "When England is at war, we are at war, and subject to attack."

Hon. Mr. PARENT: Is it not true?

Hon. Mr. DANDURAND: But the Prime Minister added Sir Wilfrid Laurier's words to the effect that Parliament must decide what our contribution shall be.

Hon. Mr. PAQUET: Right.

Hon. Mr. PARENT: A very wise pronouncement.

Hon. Mr. PAQUET: After those words fell from the lips of a powerful Minister, the voters of Arthabaska deserted Sir Wilfrid Laurier, and the Liberal party's defeat soon became certain.

Lately, the pronouncements of the Prime Minister and the Minister of Justice have been followed with great care. I do not wish to register a vote in favour of compulsory participation, on the part of Canada, in Imperial wars. Just now, we are dealing with the defence of Canada.

At the time of the Imperial Conference of 1926 I read the last lines of a resolution then adopted: "The main responsibility of each part of the Empire is to defend its own territory." I wish to see my country protected against danger. I am not ready to say that we stand in no danger of invasion, nor that Canada is not in need of protection.

I support the Government and the Ministers when they say, one after the other, that we are reorganizing and modernizing our defence system merely in order to defend our homes and protect them from danger. I am convinced the Government must do something to maintain here, not an extravagant army, but one adequate for our needs.

As has been said by the honourable Leader of the Opposition, not only are we exposed to purely military attack, but we are also vulnerable from the air, owing to the progress accomplished in aeronautics. We must face the conditions before us. On March 28, 1938, the Minister of National Defence said:

The present period is most troublous, and the international situation is fraught with danger and disaster. Now, it is our duty to the Canadian people and to our country to take all reasonable means so as to protect ourselves and ensure the security of Canada.

A little while ago the honourable leader of the House (Hon. Mr. Dandurand) asked me why I had not coupled the Prime Minister's name with the Conservative Leader's on the subject of conscription. I said I would give the answer at the end of my speech. I must state frankly that the voters of Quebec certainly heard with great pleasure the leader of the Liberal party, the leader of the Conservative party and the Minister of Justice state clearly and unequivocally that there would be no conscription if the British Empire should become involved in another

Hon. Mr. PARENT.

war. That statement caused great relief throughout Canada, and particularly in the province of Quebec.

Hon. IVA CAMPBELL FALLIS: Honourable senators, there are a few words which I should like to say in connection with the matter of home defence, and more particularly national service, from the viewpoint of the Canadian woman, and I thought this might be an opportune time to say them. Perhaps some of my remarks may not be entirely relevant to the question under discussion. But, after all, I do not inflict myself upon the House very often; so it may not be out of place to ask the indulgence of honourable members for a few moments.

The honourable senator from Edmonton (Hon. Mr. Griesbach) has given us two enlightening speeches on defence. When speaking on the motion for second reading of the Defence Purchasing Board Bill, he made the statement that in a time of war the only person who works for nothing is the soldier. I take it for granted he was speaking of men, and I disclaim that statement on behalf of my own sex. Honourable senators certainly will remember that during the last war hundreds of Canadian women gave of their time and services in all kinds of work without thought of monetary gain. I think the spirit which inspired them to do so has become intensified because of a new element which has entered into our thinking. Canadian women realize to-day as never before what it means not only to be citizens of this country, but, as women, to live under a democratic system of government. If any of them think for one minute they are not concerned because forces are at work all over the world to destroy the democratic system of government, all they need to do is read about what is happening to women in those lands which are under the rule of dictators, where gradually, perhaps, but very surely, women are being shorn of all those liberties and privileges which have been accorded to our sex in the last few decades, and where what women may or may not do is determined, not by their abilities and desires, but solely by the arbitrary decisions of men.

But patriotism can be expressed in many ways, and home defence consists of more than coastal forts and anti-aircraft guns, all-important though these may be. It seems to me that the very foundation upon which we must build home defence is the confidence of our people in the democratic system of government. They must have a feeling that it is the best possible form of government, and something worth fighting for. It is very difficult at the present time for many of our

people to have that feeling of confidence while they are suffering deep privation in the midst of plenty. So to Canadian women today patriotism means many things. It means the conservation of food and the proper distribution of surplus supplies in order that all our citizens may have healthy bodies, without which it is impossible to have healthy minds or a proper outlook on the pressing problems of the day.

I must admit that many times when we try to talk about this to men, we are called impractical. Well, we have in this country to-day contrasts which I can only designate as stupid—contrasts of under-nourished children in a land of plenty, of people in the Prairie Provinces starving for fresh fruit while apples go to waste in British Columbia. We, with our impractical minds, can see no reason why there should be an outbreak of scurvy among the women and children of Northern Ontario from lack of fresh fruit and vegetables while in old Ontario thousands of bushels of apples and tomatoes lie rotting on the ground because there is no market for them. Yet when we ask for a solution the answer usually comes: of course women are not practical in these things. If, honourable members, this anomalous condition be the result of applying practical business methods in a man-governed country, then, frankly, I do not think even impractical women can do very much worse! I have a feeling that perhaps they might do better, because women abhor waste. The great majority of us are accustomed to economizing and planning in our homes, and I really believe that Canadian women might offer some helpful suggestions towards the solution of these problems—if by any chance they were consulted.

To-day we Canadian women desire to give concrete form to our feeling. During the last few weeks we have given it expression by launching a scheme for the national registration of women. As I have been asked by several members of this Chamber for some details of this scheme—for they, in turn, have been asked for information by women in their respective constituencies—I may be allowed to read a letter which will be sent out by the provisional committee, of which I have the honour to be a member, to presidents of all women's organizations of national scope. With this letter upon Hansard, honourable members will be in a position to supply information to any who may request it. I shall read only the pertinent parts of the letter:

For the past six months a group of women have been working on a plan in which all the women's organizations in Canada would under-

take as a co-operative and voluntary effort the registration of the women of Canada with a view to determining what service they could render to the country in the event of a national crisis.

Various groups of women in different parts of Canada have already, from among their own membership, collected certain records and undertaken different forms of voluntary service and training. In order to make these records and services readily available in the event of a crisis and to extend the plan to include all Canadian women, some more comprehensive survey must be undertaken.

We have assured ourselves that the project is acceptable to the Government of Canada and that the information which we propose to get will not only be welcomed by those responsible for the defence of the country, but will be of great importance in the event of a crisis.

In organizing for emergency service, the women of Canada have the advantage of the experience and example of a similar undertaking in England.

It is hardly necessary to say that if democracies are to hold their own against the highly organized dictatorships, spontaneous and voluntary effort must in substantial measure take the place of the force and suasion exercised by dictators. The members of this provisional committee, though not more concerned than other women in Canada, have felt that they could be doing their country a service if they were to do what they are doing in this letter, namely, inviting the leaders of all national organizations of women to meet to consider some organized plan of service which would co-ordinate the efforts already being made in this direction.

The concrete plan we have in mind is to secure, through the various organizations of women throughout the country, a complete registration or tabulation of all women who are in a position to give any kind of service that may be valuable for defence or other emergency purposes.

A questionnaire will be sent out by way of ascertaining the capabilities of every woman and her position, including her readiness to fit herself for possible emergency duties.

It is intended that the registration shall be purely voluntary, and that the completion of the questionnaires does not involve any commitment on the part of those who complete them.

Although the occasion for making this survey of the women is the present strained international situation, it is hoped that it will not have to be used for the purpose of defence, and that by making the questionnaires wide enough in their scope, the information obtained from them may be useful in enabling women to help solve other urgent national problems, for example, unemployment, conservation of food and its proper distribution.

This letter is being sent to the presidents or other heads of women's organizations of every kind which have Dominion-wide organizations. Later, provincial and local organizations will be formed to carry out the actual work of registration and tabulation.

May I emphasize the fact that though this plan will entail a great deal of work, it will be on an entirely voluntary basis. We hope, as is stated in the letter, that the registration will not be needed for defence purposes, but we do feel that if it is not so needed

it may be made of inestimable value to the people of this country in helping solve some of our other problems.

I am firmly convinced that the great majority of Canadian men and women to-day are only waiting for leadership—leadership that will enable them to demonstrate to the world at large that Canadians love their country sufficiently to devote all their energies to some scheme for the national good, and that without any thought of monetary gain. But I believe it is equally true that when that call to service comes, if there is to be that whole-hearted and enthusiastic response which will be necessary, our people must also be assured that in so far as it is humanly possible, if trouble comes there will be equality of sacrifice.

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

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 to amend The Department of Transport Stores Act.

An Act to amend The Foreign Insurance Companies Act, 1932.

An Act to amend The Canadian and British Insurance Companies Act, 1932.

An Act to give effect to a Convention for the unification of certain rules relating to International Carriage by Air, to make provision for applying the rules contained in the said Convention, subject to exceptions, adaptations and modifications, to carriage by air which is not international carriage within the meaning of the Convention, and for purposes connected therewith.

An Act respecting the Canadian National Railway Company, the Ontario and Quebec Railway Company, the Canadian Pacific Railway Company, and the Toronto Terminals Railway Company.

An Act to create a National Film Board.

An Act to amend The Dominion Trade and Industry Commission Act, 1935.

An Act to amend the Meat and Canned Foods Act.

An Act to amend the Agricultural Pests Control Act and change the Title thereof.

An Act for the relief of Jean Winifred Hunter Urquhart.

An Act for the relief of Sarah Theresa Norman.

An Act for the relief of Helen Kathleen Yuill.

Hon. Mrs. FALLIS.

An Act for the relief of Constance Lillian Talbot Mais Pooock.

An Act for the relief of Edith Cecilia Shaw Mayne.

An Act to change the name of Ancient Foresters' Mutual Life Insurance Company to Toronto Mutual Life Insurance Company.

An Act to incorporate The Canada Board of American Missions of The United Lutheran Church in America.

An Act respecting the Sterling Insurance Company of Canada.

An Act to make provision for the Sealing of Royal Instruments.

An Act to amend the Dairy Industry Act.

An Act respecting the Chief Justice of Canada.

An Act to assist in the alleviation of Unemployment and Agricultural Distress.

An Act respecting The Toronto Harbour Commissioners.

An Act to incorporate The Associated Canadian Travellers.

An Act to Encourage the Improvement of Cheese and Cheese Factories.

An Act respecting Small Loans.

An Act respecting The New Brunswick Railway Company.

An Act to ratify and confirm the Agreement respecting the joint use by Canadian Pacific Railway Company and The Midland Railway Company of Manitoba of certain tracks and premises of Canadian Pacific Railway Company at Winnipeg, Manitoba.

The Right Honourable the Deputy of the Governor General was pleased to retire.

The House of Commons withdrew.

The sitting of the Senate was resumed.

DEFENCE PURCHASES, PROFITS CONTROL AND FINANCING BILL

REPORT OF COMMITTEE

Hon. F. B. BLACK presented the report of the Standing Committee on Banking and Commerce on Bill 38, an Act to establish a Defence Purchasing Board to control the awarding of contracts for the manufacture of defence equipment and the construction of defence projects, to limit costs and control profits in respect of such contracts, and to authorize the raising by way of loans of certain sums of money for such purposes.

He said: Honourable senators, the Banking and Commerce Committee reports this Bill with a number of amendments. They do not affect very generally the tenor of the Bill. I will not go into them now, because honourable members will have an opportunity of reading them to-morrow in the Minutes, but for the information of those who were not in attendance at the committee's sittings I may say that the principal change is as to

the composition of the board, the amendment providing that its members shall not exceed four. The amendment of next importance is that the chairman of the board shall be ex officio a member of the Defence Council.

CANADA'S RAILWAY PROBLEM

MEETING OF COMMITTEE

On the motion to adjourn:

Hon. Mr. DANDURAND: Honourable senators, I desire to remind members of the Special Railway Committee that it will resume its sitting as soon as the Senate rises.

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

THE SENATE

Wednesday, May 3, 1939.

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

Prayers and routine proceedings.

PRIVATE BILL

REFUND OF FEES

Hon. Mr. HUGESSEN moved:

That the parliamentary fees paid upon Bill T, an Act to incorporate the Association of Canadian Clubs, be refunded to the petitioners, less printing and translation costs.

He said: Honourable senators, I understand it is the common practice to remit the fees paid upon bills on behalf of religious, charitable and educational institutions which are on a non-profit-making basis.

The motion was agreed to.

DIVORCE BILLS

THIRD READINGS

On motion of Hon. Mr. Robinson, Chairman of the Committee on Divorce, the following Bills were severally read the third time, and passed:

Bill A3, an Act for the relief of Dorothy Boretsky Posomick.

Bill B3, an Act for the relief of Elsie Victoria Oliver.

Bill C3, an Act for the relief of Doris Mabel Casselman.

Bill D3, an Act for the relief of Kathleen Emma Gladys Smart Higginbotham.

Bill E3, an Act for the relief of Rose Edith Winer Bazar.

DEFENCE PURCHASES, PROFITS CONTROL AND FINANCING BILL

REPORT OF COMMITTEE

The Senate proceeded to consider the amendments made by the Standing Committee on Banking and Commerce to Bill 38, an Act to establish a Defence Purchasing Board to control the awarding of contracts for the manufacture of defence equipment and the construction of defence projects, to limit costs and control profits in respect of such contracts, and to authorize the raising by way of loans of certain sums of money for such purposes.

Hon. W. A. GRIESBACH: Honourable senators, when the motion for second reading of this Bill was before the House I proposed three amendments. First, I suggested that the Chairman of the Defence Purchasing Board should be made a member of the Defence Council. That suggestion has been adopted by the committee. Secondly, I suggested that all contracts now existing between the Government of Canada and any other person with respect to the supply of equipment be brought under the supervision of the board. The committee has made this amendment too.

Hon. Mr. DANDURAND: Hear, hear.

Hon. Mr. GRIESBACH: At the same time I questioned the value of the clause which limits profits on non-competitive contracts to 5 per cent. As will be observed from the report, the committee has done nothing with that clause.

When the Bill was before the Senate I pointed out that a limitation of 5 per cent on non-competitive contracts was dangerous, in that it would hamper the Government in acquiring equipment which is urgently needed at the present time. For instance, need might arise for a type of equipment covered by patents, and this equipment could be supplied only by the person or corporation in Canada in control of those patents. On the Government endeavouring to purchase such equipment the patent owner would state his price, which might carry a profit of 20 per cent. Thereupon, as a result of the limitation imposed, the Government would be compelled to refuse to purchase at that price and, in the alternative, would have to take equipment of a type which might be very inferior. I may say that often the difference between an up-to-date and an obsolete weapon is merely the difference of a contrivance covered by patents.

In the committee, while we were in agreement that the 5 per cent limitation was dangerous in view of the necessity for speedy rearmament, our difficulty was to say what would be a fair profit. To arrive at a sound conclusion on this point we needed to obtain a great deal of technical expert advice from a large number of persons, and in the time at our disposal this was not possible. The committee thereupon took this somewhat unusual step. It passed a resolution to the effect that in its judgment the clause was dangerous in that a limitation of 5 per cent was too low and was likely to prevent the Government from carrying out their duty to effect speedy rearmament. We asked the honourable leader (Hon. Mr. Dandurand) to lay that resolution before the Government, as well as some evidence presented to the committee by those who might be thought to know something about the matter, namely, the president of the Canadian Manufacturers' Association and a number of persons engaged in aircraft construction. The honourable leader returned to the committee and announced that the Government intended to stand firm upon the clause. Of course, the responsibility rests with the Government.

I know that in the minds of some persons it is almost a criminal offence to reflect upon the good faith, the honesty and the integrity of the present Administration. So, as delicately as I may, and with every intention of being as inoffensive as possible,—

Hon. Mr. BALLANTYNE: Hear, hear.

Hon. Mr. GRIESBACH: —I go so far as to say that I cannot but feel that the Government are seeking to gain political advantage, with regard to the next election, by being able to point out that in this legislation they have limited profits to 5 per cent. As a matter of fact, I am informed that every technical officer of the Department of National Defence knows that this limitation of 5 per cent is dangerous. I repeat, the Government have seen fit to put themselves in an advantageous political position, having regard to the next election, and they are doing so at the expense of the rapid and efficient equipment of our military forces. Against that I most strongly protest.

Right Hon. ARTHUR MEIGHEN: Honourable members, I have already spoken at very limited length on the subject of this measure. Since I did so the Bill has been before our Committee on Banking and Commerce, where a series of amendments have been made, with practically all of which I am firmly in accord. One or two others I

Hon. Mr. GRIESBACH,

had intended to suggest in committee, but, not having before me the copy on which I had made my notes, I failed to place those suggestions before its members. The amendments are more or less of a detailed nature. I mention two details now, before proceeding to what I regard as infinitely more important in the discussion of this measure than any amendments of that character.

I do not quite understand two provisions with respect to the Civil Service. It occurs to me that of itself the second, that is subclause 3, is enough without the first, that is, subclause 2. No one wants a civil servant to lose by being seconded, but I fear that under the Bill as it now stands some will gain by being seconded, from the standpoint of collateral services, such as pension.

Hon. Mr. DANDURAND: What clause?

Right Hon. Mr. MEIGHEN: On page 8. I should like the Government to consider the addition of the following words after the word "gratuities" in the third line of subsection 2 of section 10: "to which he would be entitled had he not been so seconded." It occurs to me that possibly, without those words, new rights would accrue to seconded persons or certain of them. I do not speak with absolute certainty that this limitation is necessary, for I am not thoroughly familiar with all superannuation provisions, but I think someone who is should look into it carefully.

Hon. Mr. DANDURAND: Would my right honourable friend suggest that subsection 2 be withdrawn—that subsection 3 covers the point?

Right Hon. Mr. MEIGHEN: My suggestion is that the leader of the Government submit what I have said to, say, Dr. Clark. I would accept his opinion, because he knows the other Acts more fully than I do. I fear there is danger of additional advantages, not intended by Parliament, being given by that subsection 2.

Now, I will deal with the main feature of this measure as it appeals to me and as, I think, it will appeal with increasing force to the people of this country as days, weeks and months move on, and as the time arrives when our mood of seriousness is even deeper and more foreboding than it is to-day—in a word, when this Act is in definite and formidable operation. The subject I now discuss will then be a feature of infinite consequence to the people of Canada. I do not think any of us can claim that we are more anxious than others to avoid undue profits of any kind made in industry because of war conditions.

I put myself on record as in favour of every limitation that can be put on, consistent with the functioning of industry for war purposes. There should be no limit too strict, so long as we are certain our machinery will work; so long as we can get goods produced and results achieved.

We submitted this Bill to the Committee on Banking and Commerce after the very few words I and others expressed on the motion for second reading. Evidence adduced before that committee not only entirely justified, but absolutely proved every word that the senator from Edmonton (Hon. Mr. Griesbach) and myself had uttered in this House. There was not a sentence of evidence to the contrary. It proved that this 5 per cent clause was utterly unworkable, utterly absurd and grotesque. Not only was there not a tittle of evidence to the contrary, but there was not even an attempt by a single member of the committee to argue with the witnesses so as to bring about a different impression. In so far as our hearings were concerned, all accepted the evidence. Personally, I could see no answer to it. Apparently no other member of the committee could either, and if anyone had an answer, he never gave it to his colleagues.

The committee took the view, however—I was absent at the time—that the proper way to handle the matter was to express its judgment and submit that judgment to the Administration. This is a Government measure on a subject of policy the most vital this country has ever faced. Further, this, in essence, is a taxation measure in the feature to which I am now addressing my remarks. The Bill provides that taxation shall be levied on all producers under contract with the Purchasing Board, other than producers who get their contracts by tender. It is a taxation measure taking 100 per cent of all profits over 5 per cent on average capital employed in production. Evidence showed clearly that in a most favourable case—namely, where a contractor would have no other income to be taxed, and the percentage of his taxation would not be raised because of such other income—he would, after he had paid in levies everything above 5 per cent, and his income taxes on the 5 per cent, have only 4 per cent left, and that out of such 4 per cent he would not be able to charge interest on the borrowed money. In addition, all risks of accident and loss must be taken by the contractor. The unanimous evidence was that no executive in this whole Dominion could possibly recommend to his board of directors acceptance of such a contract. The committee heard not one breath of testimony to the contrary.

As to this phase of the Bill, I call attention again to the fact that it is a taxation measure. I have always taken the ground in this House—and I know of none who has taken a contrary stand—that, whatever our strict rights may be, we will not interfere with the taxation feature of any bill. Therefore I shall not move to strike out this clause, no matter how strongly I feel about it. It is, I insist, a taxation clause. It is a clause definitely for the House of Commons. But I should be a poor exponent of the public interest if I did not call attention to its effect and emphasize what I believe to be the truth, that this clause is just playing and trifling with the most vital crisis which has confronted us for twenty years and in which may be at stake the life of this British Dominion.

Honourable members say, "Oh, this restriction only applies where we have to contract by negotiation and cannot ask for tenders." That is true; but let us reflect for a moment whether the field to which it must apply is large or small. I express the view that it is large, immensely large; I express the view that it is vastly larger than it was during the last conflict, twenty years ago. War has become mechanized since the days of the great struggle. War now is a vast conflict of deadly mechanisms of the most specialized type.

You cannot construct a special type of aeroplane under a contract reached by tender. There are many reasons why it cannot be done. The reasons are that patents cover not only the product, but also the process; leases intervene; the real ownership may be in another land; there is only one who can make the product here. Designs, plans, drawings, are covered. Everything is the property of one, and only one, company. And what applies to aeroplanes applies to a vast multitude of the complex devices of mechanistic war. It applies particularly to the Diesel engine, which will have to be part of every tank. It applies right down the line. The contracts which must be let by this board when the hour strikes—and which should have been let long months or years before—become the most terribly serious business that has ever faced our land; and the proportion which will be governed by this clause is going to be very great. I want to know how the Government will feel when it finds its board, on entering that field, tied and paralysed by a clause under which nobody can contract at all. Does the Government think this board can contract? If it does, then this Government has been most derelict in its duty during the last three or four years. Has it fixed a limit of 5 per cent in the past when making contracts?

Was it able to do so? It has made contracts, many of them. We have had one of them investigated lately. I am not going to refer to it; it has been discussed enough. I am not going to refer critically to a single contract. Members of the Government made contracts for aeroplanes; with the Boeing Company for eighteen, I think; with Fairchild, of Montreal, for eighteen, and with the National Steel Car Company for twenty-eight. Did they make those contracts under such conditions that the profit would be limited to 5 per cent of capital employed? If they could have, should they not have done so? And remember, it is not 5 per cent of the cost of production, which is one thing, but 5 per cent on the average amount of money employed. I tell them they did not make the contracts already signed on the basis even of 20 per cent on the average money employed. Their contracts have been made—and I get this information from aeroplane producers, practical men in the business, who are not complaining at all of the contracts made, and if I am wrong I want to be corrected during this debate—their contracts have been made on the basis of cost plus 10 per cent; not 10 per cent of the money employed, but 10 per cent of the cost. Guaranteed cost of production plus 10 per cent of the cost of production, on the average, would be as good as 25 per cent on the money employed; and on that basis, assumedly the best on which it could get this work done, the Government has made its contracts up to to-day. Having done so, does it tell this House it can now get the same work done for 5 per cent on capital employed, which will be taxed until there is only 4 per cent left for the contractor? As one witness put it, "The 4 per cent, the highest objective we can possibly have under this Bill, can be attained only if you have production clicking 100 per cent in every department." Is it any wonder he said that no executive in the Dominion could recommend such a contract to his board of directors?

In such fashion the Government has done this thing in order that it may be able to go to the people of Canada and say: "We are against profiteers. We will not let these fellows make money while others are fighting." In that condition the Government says it is ready to face the terrible responsibilities which are now only too dangerously imminent. I beg of the members of the Government to review this matter. The responsibility pivotally, centrally, and eternally is upon them. It is not a matter for this House. Is the Government prepared to face the consequences

Right Hon. Mr. MEIGHEN.

of the next few weeks, months or years with the necessity of operating under a Bill like this?

What is going to result? In so far as work is done here at all, the Government and the board will have to engineer in such a way as to get one or two tenders where there is really only one tenderer. The Government will have to call for tenders, because nobody will take work under this clause, and the tenderer will have to create a phantom company to put in a tender alongside his own. The whole thing is a joke and a farce, because contracts will have to be let under a fake tender system. A tender system for a product which only one firm can make—a product vital for our defence—is artificial and unreal; it is just a sham and a delusion. It will hamstring and cripple Canadian industry. If contractors do not come in under a sham and delusion process, the business will be driven outside this country to some place where the 5 per cent limitation does not apply; it will be driven to the United States, while our workmen are walking the streets in idleness. These are the effects of this measure.

I do not pretend to be a conspicuous expert on this subject; there are men in this House who know just as much as or more than I do about manufacturing business; but I challenge any honourable member to stand up in his place and say that he would ever recommend to his board of directors the making of a contract under that clause. Nobody in this House who knows the meaning of a contract would take such a responsibility.

Let us have something in the nature of a real appreciation of what we do. Let us demonstrate that we know something of what these terrible things mean, and that we are not going to play politics in the face of what well may be the most appalling crisis that has ever confronted our land.

Hon. RAOUL DANDURAND: Honourable senators, we had this Bill before us in committee, and the facts as related by my right honourable friend as to the procedure followed there are uncontroverted. Witnesses were heard, and the committee felt that 5 per cent was too low. This information was communicated to the Government.

The Government has had this Bill closely examined by the Department of Finance, which had a representative in the committee, and that department feels that there are two clauses, number 4 and number 7, which play an important role in the Bill. Clause 4 fixes the procedure with respect to contracts for

which tenders are invited. To this clause no objection was taken. The necessary safeguards are provided in it. Clause 7 fixes the rate of profit at 5 per cent. It was felt by members of the committee that this clause would be inoperative. The Department of Finance says that most of the contracts will come under clause 4, dealing with cases in which tenders will be invited; and that as to cases in which the Government or the Purchasing Board would encounter some difficulty because of patents covering the equipment needed, there would probably be but one competitor and the board would have to devise a means of protecting the treasury.

Right Hon. Mr. MEIGHEN: Of getting around the Act.

Hon. Mr. DANDURAND: Of protecting the treasury. Now, I do not know what situation would face the Purchasing Board in the case of a price fixed by a person or firm holding the sole right to sell under a patent. That situation would relate mostly to aeroplane equipment. As my right honourable friend knows, the board would then have a problem to solve. The Minister of Finance thinks there is no insuperable difficulty in dealing with such a case, and, probably with that situation in view, he says it must be remembered that the members of the House of Commons, representing all sections of the country, are not disposed to allow the profit to go beyond 5 per cent.

My honourable and gallant friend from Edmonton has said that the members of the Commons had their eye on the electors.

Hon. Mr. BALLANTYNE: Hear, hear.

Hon. Mr. DANDURAND: I should suppose that from the 1st of January to the 31st of December the 245 representatives of the people in the other House would have their eyes on the electors, inasmuch as they represent those electors and must secure their sanction before they return to continue their mandate.

My right honourable friend knows full well that all parties, as represented by the present House of Commons, have agreed to the 5 per cent. I think it was agreed to unanimously in the Commons; that is, not only by the Government and their supporters, but by His Majesty's loyal Opposition and the other members. This indicates that all the members there realized full well the situation as explained by my right honourable friend, and that not one of them was disposed even to suggest an increase in the percentage. So, if we did send the Bill back with an amendment which would permit a net profit of, say, 10 per cent—that percentage was mentioned in

our committee—would the Commons not be unanimous in rejecting that amendment, just as they were in supporting the original clause?

Right Hon. Mr. MEIGHEN: But our skirts would then be clean.

Hon. Mr. DANDURAND: Of course, my right honourable friend has not moved that the Bill be sent back with any such amendment.

Hon. Mr. BALLANTYNE: The honourable gentleman (Hon. Mr. Dandurand) knows very well that if the Bill had limited net profit to 2 per cent instead of 5 per cent, the other House would have agreed to that just as readily, for the same reason that was outlined by my right honourable leader (Right Hon. Mr. Meighen).

Hon. Mr. DANDURAND: Speeches have been made outside the House of Commons by very responsible parties, whom I need not name, to the effect that not only is 5 per cent net profit on armament contracts too high, but there should be no profit at all on such contracts, even on those made in times of peace. I think honourable members know what the state of public opinion is upon this matter.

However, since my right honourable friend has suggested certain amendments for consideration by the Government and the Department of Finance, I will move adjournment of the debate in order that I may submit these amendments to my colleagues and the department.

Hon. Mr. GRIESBACH: Does my honourable friend intend to submit to the Government only the one question with respect to the 5 per cent limitation of profits?

Hon. Mr. DANDURAND: I will submit to the Government all the amendments suggested by my right honourable friend (Right Hon. Mr. Meighen).

Right Hon. Mr. MEIGHEN: I rise to say simply that my suggested amendments, while worth being submitted, are of negligible consequence when compared with the big feature which I discussed. I would ask the honourable leader to submit that feature to the two or three very good business men who are members of the Government. Let us not make a mockery of this thing.

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

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

THE SENATE

Thursday, May 4, 1939.

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

Prayers and routine proceedings.

DIVORCE BILLS

FIRST, SECOND AND THIRD READINGS

Hon. Mr. ROBINSON, Chairman of the Committee on Divorce, presented the following Bills, which were severally read the first, second and third times:

Bill F3, an Act for the relief of Audrey Elizabeth Logan Williams.

Bill G3, an Act for the relief of Winnifred May Routledge Nilsson.

Bill H3, an Act for the relief of Ernest James Feasey.

Bill I3, an Act for the relief of Ethel Jean Peters.

Bill J3, an Act for the relief of Eva Clara Doe Durrell.

INTERNAL ECONOMY COMMITTEE REPORT

SENATE EMPLOYEES

Hon. G. V. WHITE presented, and moved concurrence in, the third report of the Standing Committee on Internal Economy and Contingent Accounts.

Hon. Mr. BLACK: Honourable senators, in view of the fact that we have had so much agitation to reduce rather than increase the number of civil servants, I should like to know, for my own information, the why and wherefore of this particular report.

Hon. Mr. DANDURAND: If there is to be a discussion on the report, it would be perhaps as well to postpone consideration until the next sitting of the House, so that in the meantime honourable members might have an opportunity of reading the report in the Minutes.

Hon. Mr. BLACK: I want it understood that I am not opposing the report now. I simply want information.

Hon. Mr. WHITE: Honourable senators, I should like it very much if the House could consider the report at the present time, because a similar report has been adopted in the other House, and it is the desire of the committee that both Chambers should act jointly and concurrently in forwarding their recommendations to the Civil Service Commission.

Right Hon. Mr. MEIGHEN.

With reference to the point raised by my honourable friend from Westmorland (Hon. Mr. Black), I may say that, as mentioned in paragraph 5 of this report, the new permanent positions created by the recommendation in paragraph 1 will necessitate neither the employment of additional staff nor any additional expenditure. The purpose is simply to enable certain employees of the Senate with more than five years' service to be placed on a permanent basis and brought under the Superannuation Act.

The motion was agreed to.

DEFENCE PURCHASES, PROFITS CONTROL, AND FINANCING BILL

REPORT OF COMMITTEE

The Senate resumed from yesterday consideration of the amendments made by the Standing Committee on Banking and Commerce to Bill 38, an Act to establish a Defence Purchasing Board to control the awarding of contracts for the manufacture of defence equipment and the construction of defence projects, to limit costs and control profits in respect of such contracts, and to authorize the raising by way of loans of certain sums of money for such purposes.

Hon. RAOUL DANDURAND: Honourable senators, yesterday when this report from the Banking and Commerce Committee came before us my right honourable friend (Right Hon. Mr. Meighen) drew attention to certain amendments which he thought it might be advisable to make, although he was not quite sure that the points they were intended to meet were not already covered by the Bill itself. I submitted that expression of doubt to the Law Clerk, as well as to the Deputy Minister of Finance, Dr. Clark. Both agree that the matters in doubt are completely covered by the text of the Bill. I assume my right honourable friend will be satisfied with that statement.

Now, as to the point raised and emphasized by the honourable gentleman from Edmonton (Hon. Mr. Griesbach) and my right honourable friend, concerning the paucity of profits under contracts awarded without competitive tenders being invited. I may say that the Department of Finance and the Department of National Defence are convinced that the Purchasing Board will be able to deal with any special case in such a way as to protect the treasury and at the same time secure participation of contractors in armament work.

Right Hon. Mr. MEIGHEN: Will the honourable gentleman permit me? Does he not think the House is entitled to know how?

Is this House to be satisfied because the Department of Finance says it will be able to meet any exigency which arises? Are we not entitled to know what means the department will adopt in meeting exigencies of the kind disclosed in our committee?

Hon. Mr. DANDURAND: My right honourable friend is perhaps a little late in asking for that information. The point was taken up before the committee, and he could have questioned the Deputy Minister of Finance, who was present. I will not now dilate upon the point. The committee reported the Bill to this House; I suppose, with the idea that responsibility would rest with the Government. The Government accept the few amendments made by the committee and are disposed to give the measure as it stands now a favourable reception in the other House. It is believed that the Bill, with sections 4 and 7 as they are, can be operated to the satisfaction of the Department of Finance.

I have no expert evidence to offer to my right honourable friend. I hope we shall enjoy peace for some time. If peace continues, experience will be gained from the operation of the measure, provided it is passed, and the Government will be able to study the results before Parliament convenes again. But should ill fate will that Canada shall be drawn into a war and have to defend itself, then, as my right honourable friend knows, all his fears about the Bill would disappear, because under the War Measures Act, which could be applied, the Dominion could take charge of any institution needed for national defence. He knows very well that the safeguards now upon the Statute Book would avail to protect the country's interests thoroughly.

With these remarks, I move concurrence in the report.

Hon. Mr. GRIESBACH: Does the honourable leader take the view that the War Measures Act might be brought into effect before a declaration of war, or only after a declaration of war?

Hon. Mr. DANDURAND: I have not the Act before me. My first impression is that it would be after a declaration of war, but I am not sure.

Hon. Mr. GRIESBACH: If the honourable gentleman's impression is correct, the Government would not be able to avail themselves of the War Measures Act in the preparatory period at all. If the capacity to acquire equipment with which to make war is contingent upon the War Measures Act, which would only come into effect when war was declared, the position is not very sound.

Hon. Mr. DANDURAND: I am not able at the moment to say just when the War Measures Act would apply.

The departments interested say that under this measure they can produce the necessary results and at the same time completely safeguard the Canadian treasury. I do not know what conditions may arise, but I rely upon the statements of the Department of Finance and the Department of National Defence to the effect that this measure would work to the satisfaction of the treasury and would protect the interests of the people at large.

Hon. C. E. TANNER: Honourable senators, I do not intend to speak at any length upon this matter, for it has already been thoroughly discussed. It has been clearly shown that there is no desire whatever on this side of the House, at any rate, to hamper or embarrass the Government in this matter.

Hon. Mr. DANDURAND: I think both sides are at one in that.

Hon. Mr. TANNER: There is a recognition of the very urgent and vital necessity of expediting armament production, and the object here is to assist the Government. It is feared by a large portion of the people that this Bill would delay, rather than expedite, the procuring of armaments by the board which is about to be set up. No one at all has any desire to see a contractor receive one dollar more than a legitimate reward; but, because of the urgency that exists, the first and vital consideration, as has been emphasized on this side of the House, is to get armaments. In view of the contracts that have been made and other things that have occurred during the last few years, and in view of the evidence submitted to the Banking and Commerce Committee, which was all to the one effect, that industrialists would not contract if this Bill became law, and of the fact that neither before the committee nor in this House has anything been produced to break down that evidence, honourable members on this side fear that, as our right honourable leader (Right Hon. Mr. Meighen) has said, the Bill would prove futile, because industrialists would not enter into contracts subject to such limitation of profits as is here provided.

It is currently known that a large number of contracts have been entered into by the Department of National Defence since 1935, and that not one of them limits the profits to five per cent.

Right Hon. Mr. MEIGHEN: Nor to twenty.

Hon. Mr. DANDURAND: I have heard that, but I have not seen those contracts.

Hon. Mr. TANNER: Numerous contracts have been made which allow the contractors a much larger reward than five per cent. Upon what basis of fact do the Government expect to get people to make armaments if the profit is restricted to five per cent on the capital employed in the work? We have a right to know that. When the Banking and Commerce Committee was considering the Bill I raised this point, but it was not answered. I also asked the Deputy Minister, who was present for the purpose of explaining the Bill, if he could tell us the average profit provided for contractors under contracts that had been made. The answer was no. The only information we had from contractors was that they would not be able to enter into contracts under the terms of this Bill.

I put an inquiry on the Order Paper, hoping to be able to get information about armament contracts already entered into, but I am informed that the answer is not at all likely to be made before Parliament is prorogued.

However, I have before me one of the contracts, and I intend to give a summary of its provisions. I take it that the terms in regard to profits or rewards are pretty much the same in all armament contracts. This is a contract made on November 17, 1937, with the Montreal Construction Supply and Equipment, Limited. It is for the machining of shells, 20,000 quick-firing, 18-pounder high explosive and 10,000 quick-firing, 4.5 howitzer, high explosive shells.

The reward to the contractor is contained in paragraphs (m) and (n) of subsection 1 of section 4. Paragraph (m) reads:

Subject to the provisions of clause (o) of this section, the wages and salaries to be paid, with the prior written approval of the party of the first part (the Government) for labour employed directly on:

(1) The machining of the said billets and forgings.

(2) The construction of special tools, jigs, and dies.

(3) The supervision of the work mentioned in paragraphs 1 and 2 of this clause.

Then paragraph (n):

Ten per centum of the amount of wages and salaries paid for labour as mentioned in clause (m) of this section.

Paragraph (o) contains the limitation upon that ten per centum. It reads:

It is expressly agreed that the total amount payable under this section in respect of wages and salaries as mentioned in clause (m) thereof, and in respect of the allowance of ten per centum as mentioned in clause (n) thereof,

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shall not exceed an amount computed at the rate of \$4 for each 18-pounder shell, and \$6.75 for each 4.5-inch howitzer shell.

Honourable senators will recall that when the contract conditions were given out to the press it was emphasized that the price of these shells was fixed at \$4 for the 18-pounder and \$6.75 for the howitzer shell. I think the public accepted that statement and believed it to be correct. In this connection I would draw attention to the fact that under the terms of this contract the ten per centum is to be based upon the machining of billets and forgings, construction of special tools and supervision of the work. I do not entertain the slightest doubt that the contractor will see to it that the wages and salaries and the ten per cent aggregate precisely \$4 and \$6.75 respectively.

The Government, however, have also to supply to the contractor the machinery set out in exhibit B attached to the contract. Let me read the exhibit:

1 centering machine
 9 heavy duty turning lathes
 3 lathes—18" swing
 3 lathes—18"-20"
 8 heavy duty boring lathes—20", 24" or 26"
 4 boring lathes—18", 20", 24" swing
 1 thread milling machine
 2 lathes—18" swing
 1 shell banding press
 1 lathe—18" swing
 6 lathes—18" swing
 1 riveting machine
 1 nosing furnace
 1 oven for drying varnish
 1 scale
 1 28" production drill
 1 22" shaper
 1 universal milling machine
 1 tool room lathe
 1 plain grinding machine
 1 universal tool and cutter grinder

But that is not by any means the whole cost to the Government. They have also to supply all tools, dies and other equipment necessary to carry out the contract, and to pay the cost of installing the machinery and equipment in the contractor's building, the cost of converting the plant to make it suitable for carrying out the contract, and the cost of dismantling the machinery and re-installing the property of the contractor when his service is ended.

And that is not nearly all.

Hon. Mr. McMEANS: It is enough!

Hon. Mr. TANNER: As I read the contract, it will run for about two years, and the Government have to pay for the following: electric light and current, fixed at \$1,270 per annum; heating, fixed at \$1,067 per annum; taxes, fixed at \$900 per annum; water supply, at \$100 per annum; maintenance of railway sidings, at \$300 per annum; power, \$1,500

per annum; telephone service, \$360 per annum; clearing snow from sidings, etc., \$1,200 per annum; insurance, \$1,200 per annum; rentals, depreciation, heating and plumbing and repairs, \$3,976 per annum; administration charges, \$336.80 per annum; workmen's compensation assessments, etc., not fixed; and all materials used in production of shells. In addition, the Government have to supply, free of cost to the contractor, f.o.b. at railway sidings nearest to the plant, all billets cut to length, forgings, base plates, driving band rings, special paint, varnish, packages and boxes required for the shells.

I think it will be manifest to honourable members that when the public were told these shells were to cost the country only \$4 for the 18-pounder and \$6.75 for the howitzer, they should also have been told that apparently the Government were to outfit completely a shell of a building and pay the cost of the various items which I have enumerated.

I am not saying that this is an injudicious contract. I assume that the Government were compelled to enter into a contract of this kind, and that from their standpoint it is justifiable because otherwise they could not get the shells.

Hon. Mr. BALLANTYNE: Why not?

Hon. Mr. TANNER: I think the other day some thirty or forty contracts were laid on the table of the House of Commons. This is one of them. It seems to me fair to assume that all the other contracts entered into by the Department of National Defence are on a parity with this one, and that any limitation of 5 per cent never entered into the mind of the Government at all. This is all the more reason why the Government should be candid and give Parliament the facts upon which they expect to get contractors to furnish armament at a maximum profit of 5 per cent, as is proposed by this Bill.

The motion was agreed to.

THIRD READING

Hon. Mr. DANDURAND moved the third reading of the Bill, as amended.

Right Hon. ARTHUR MEIGHEN: Honourable senators, I have no longer any hope of convincing honourable members opposite. I cannot convince the honourable leader of the Government (Hon. Mr. Dandurand), and therefore I fear I shall not be able to convince those who sit with him. But there is still something to do along the line of letting the country know what a pantomime the Government are going through.

Hon. Mr. DANDURAND: Would my right honourable friend allow me to answer a question by the honourable gentleman from Edmonton (Hon. Mr. Griesbach)? It bears on this matter.

Right Hon. Mr. MEIGHEN: Yes.

Hon. Mr. DANDURAND: He asked me whether the War Measures Act could be applied before or only when war was actually declared. I may inform him that the Governor in Council can, by proclamation reciting that war is apprehended, bring the Act into force immediately.

Right Hon. Mr. MEIGHEN: If matters were not so serious, one could get a good deal of amusement out of the antics the Government are performing. They are antics of the most transparent and fantastic type. We were told this was a Bill to limit war profits; that when our soldiers were fighting, manufacturers and others should not be able to make money out of the nation. This House referred the Bill to a committee in order to get, from people who are well informed on the matter, some comprehension of the effects of the measure in operation. Citizens of Canada engaged in business analogous to manufacturing contemplated by this Bill, some of them in the very business so contemplated, came before the committee. One and all pointed out that the limitation of profit was not to five per cent, but to less than five; that permissible net profit would not even be uniformly four per cent. They contended that in many cases, as, for example, in aeroplane production, where the contract would run over two or three years, the very maximum of profit would be two per cent per annum, and the contractor would have to assume all risk of not making anything at all.

A lot of people seem to think that business consists in simply going into some enterprise and then taking in profits. I venture to say that statistics will prove two out of every three who go into business, whether industrial, manufacturing or any other kind, make losses rather than profits. The proportion of those who lose is, I think, higher than that. Where three or four men lose, one man, extraordinarily efficient, will make something. The risk, which varies in accordance with efficiency between two to one and five to one against making a profit, is all taken by the contractor; and his permissible profit, after income tax, is limited to two per cent if the contract lasts two years, and to four per cent if it lasts only one year.

Hon. Mr. HUGESSEN: May I interrupt my right honourable friend for a moment? Is he quite right in saying the limitation is two per cent? According to section 7 the profits are limited to five per cent per annum.

Right Hon. Mr. MEIGHEN: That is to say, if a contract requires two years to finish, the contractor will be allowed that rate for the two years?

Hon. Mr. HUGESSEN: Yes.

Right Hon. Mr. MEIGHEN: That may be the case. I had argued differently with a witness and he did not contest my point. I will not take time to argue it out at this moment, because it is relatively immaterial. No human being who has a right to be at large will enter into any contract where all the risks are his and where he can make only bank interest on his money if everything goes one hundred per cent right. The Government know that.

After all evidence had been placed before the committee the Deputy Minister of Finance stood there and never said a word in answer to it. Did he have to be asked whether he had an answer? If he had an answer and did not give it because he was not asked, he is not fit to be Deputy Minister of Finance. It was his business to tell us that the evidence was all wrong, if it was. He should have said, "Here is the way we are going to have the thing done." He did not do that, and nobody did. A good many witnesses were present before the committee, and three or four said they did not need to testify, because what had been stated by others was so plainly right that there was no necessity of saying anything more.

The committee reported the Bill. Does the honourable leader (Hon. Mr. Dandurand) tell the House how the Act is going to be made to work, how the Government are going to meet the practical conditions about which evidence was given through the committee? No. He says, "I have seen the Deputy Minister of Finance, who tells me we shall work it somehow in peace-time." The "somehow" we are not privileged to inspect. It is apparently no right of ours to know anything about this mystery. After we are told "somehow," we are expected to open our mouths wide and take that "somehow" in, and digest it, if we can. Nothing else is expected of us, according to the testimony of the honourable leader. And Dr. Clark, the Deputy Minister of Finance, says, "We shall find some way of applying the Act." Parenthetically, let me say: look out for the man who is going to find some way which is not specified. What

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he is really hoping is to avoid doing anything, or to beat the devil around the bush "somehow." As to how to beat him around the bush, I have not the kind of ingenuity requisite for a suggestion. If it was not a devil he expected to meet, he would tell us the saint it was.

And here is the best feature of all. The honourable leader says we are not at war now; so this measure will apply; but if war is to come, the War Measures Act of 1914 is on the Statute Book and will govern. Are all honourable members listening to me? Were we not told this Bill was to govern war profits? But now we are told it is a measure, not for war-time at all, but for peace-time, and that if war is to break out war profits will be regulated by the War Measures Act of 1914.

Hon. Mr. DANDURAND: Possibly.

Right Hon. Mr. MEIGHEN: I wonder what other adverb might be put in there?

Imagine a Government coming to a House of Parliament and saying: "We are putting through a Bill governing war profits, but it is intended only for peace-time. When war comes, we shall use the War Measures Act."

But the farce of this whole thing is even more preposterous than I have yet indicated. As long ago as two years or more this Government let contracts for the building of planes to three contracting firms. In not one single instance could any of those contracts have been let to any other firm, even if the Government had so desired. No other firm had the legal right to build planes of the type contracted for in each case; nor was there any other firm which had the necessary mechanical equipment, or which was in a position to get that equipment within any reasonable time.

Hon. Mr. DANDURAND: Contracts for how many planes?

Right Hon. Mr. MEIGHEN: For sixty-four planes, I think. Will the House listen while I state how many planes have so far been delivered? Not a single one! And those firms were not limited to a maximum profit of five per cent on capital, as I showed the other day. They made contracts which permitted a profit of ten per cent on all their costs, and I showed that those terms would give a contractor the possibility of making as high as 25 per cent on capital.

Hon. Mr. DANDURAND: Those contracts would not be affected by this measure.

Right Hon. Mr. MEIGHEN: Certainly not. But if the limitation of profits to five per cent is practicable, why were those contracts not made on that basis?

Hon. Mr. DANDURAND: Because the first orders which are fulfilled generally cost more than those that follow.

Right Hon. Mr. MEIGHEN: We have no real defences in this country, not even enough to stop the raider of a chicken roost. We have to start now right at the beginning, except that we have contracts two years old on which no delivery has yet been made. I am not complaining because no delivery has been made, for I am not at all persuaded that any delivery was possible. It takes a long time to prepare for war. The Government say to Parliament, "We can get contracts fulfilled on the basis of four per cent maximum profits"—for that is what it would mean—"on average capital invested," although so far it has been found impossible to get any delivery under contracts which permitted profits of as high as 25 per cent. The Government of the United States, having experimented with a guaranteed profit of ten per cent upon cost—which might well be equivalent to about 25 per cent on the capital employed, with all the risks taken by the contractor, as provided in this Bill—and having found that percentage was not high enough, raised it to twelve per cent within the last few weeks. And the Government of that country have at their disposal arms-manufacturing organizations which outclass and outdistance ours in every way. Does the honourable leader of the Government realize what an utterly revolting pantomime we are going through? We are asked to pass a measure which the Government hope will catch votes—a measure which has no relation whatever to preparation for defence.

During the last war the first costs of munitions were certainly higher than later costs. Why? Because while we held profits down by means of a graduated tax, we made it worth while to improve efficiency. The higher the profits the higher were the taxes which we placed upon them, but we still made it worth while for contractors to aim at efficient production at the lowest possible cost. The consequence was that under very able management the cost of munitions went down by about 75 per cent. Would costs go down under this Bill, except where contracts were let under tender? Even if any contractor could be induced to enter into a contract, what incentive would there be to reduce costs? Not the slightest. Nor would there be any incentive to employ a minimum of capital and to lower costs in that way. The incentive would be in the opposite direction, to put every possible article of capital already on the ground into production, so as to be entitled to interest on it,

and thereby, through subterfuge, get the same result as if higher profits had been specifically permitted.

This Bill puts a premium on inefficiency and subterfuge. I venture to suggest, and I do so reluctantly, that the expectation is that if section 7 becomes workable at all it will be only through subterfuge. I urge that the Government, in order to achieve the goal at which I believe they are sincerely aiming, should follow the line along which we have proceeded before. Can they think of a better one? I do not know of any, and the witnesses before our committee did not. In other words, I urge there should be a continuation of the system which provides an incentive to contractors to keep costs down. If the Government do that, they will be encouraging the building of an armament industry, which we must have if we are in earnest. Of course, if we are only shamming, it does not matter whether we have an armament industry or not.

We have not to-day any plants equipped for the big end of essential armaments. Money will have to be got to equip plants. I ask honourable members to put themselves in the position of a man who sets out to get money for building and equipping plants to turn out armaments as cheaply as it can be done. Does anybody think such a man could raise a dollar if this Bill is to control? The Government have placed such a restriction on profits that nobody but a simpleton would ever engage in the manufacture of war equipment in this country. If this Bill is applied in a straightforward manner and without contortion, it will drive the manufacture of arms out of this country. The only possible way of inducing manufacturers to enter into contracts would be by subterfuge and misinterpretation.

Hon. Mr. DANDURAND: My right honourable friend is of course confining himself to section 7.

Right Hon. Mr. MEIGHEN: Very well. My honourable friend says that section 7 may not be applied at all; that contracts may be awarded under tender in every case. I was not going to touch upon that, because I dealt with it the other day and I do not like to repeat myself. In respect of a very high proportion of contracts of the kind contemplated here you could get only one real tender: the rest would be fake tenders. I should not like to give an estimate of the proportion of contracts in which tenders would not be practicable, but men who know about these matters tell me that would be true of half the contracts. That is because in so many instances equipment of the type

required is produced by only one firm. The Government were not and are not able to advertise for tenders for aeroplanes. A royal commission was informed that tenders could not be called for when Bren guns were needed. It would have been a thousand times easier to procure tenders for Bren guns from a number of firms than tenders for aeroplanes.

If there is any trouble in the application of this Act over the whole range of defence equipment, the Government will be faced with extra costs of many millions. I repeat that if the Government truly want to provide for our defence they will have to break away from this measure.

A serious situation is squarely in front of us. There will come an hour when our judgment on this Bill will be looked back upon. I shall at least be able to say then that I tried to persuade the Government to have serious regard for our position and for the high purpose which should control their conduct, and to amend the Bill so as to make possible its operation with credit, with real results and without subterfuge, without fraud and without dishonesty.

Hon. Mr. DANDURAND: All I can say to my right honourable friend is that there is an outcry against any war profiteering.

Right Hon. Mr. MEIGHEN: Certainly.

Hon. Mr. DANDURAND: No contract which permitted any liberal profit could be entered into without being viciously attacked on all the hustings in Canada from the Atlantic to the Pacific.

Right Hon. Mr. MEIGHEN: Forget about the election.

Hon. Mr. DANDURAND: Yes, let us forget about the election. But let us remember the reputation, the honour and the integrity of our public men. Some of them are responsible for the government of this country. Vicious criticisms are being made of large war profits. The contract referred to by my honourable friend from Pictou (Hon. Mr. Tanner) may indicate that big sums were made by the contractors. If so, we shall hear the people say again that profits should not be permitted on contracts for defence equipment. Because of the state of public opinion the Government have decided that profits on contracts given without competition should be limited to five per cent.

I contest the statement of my right honourable friend, and I do so with some diffidence, because I do not know that I can successfully pit my opinion against his. I feel in my bones that nine-tenths of those contracts will come under clause 4 and not under clause

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7. Those that come under clause 7 will meet this condition. In many factories work on contracts will be under way, and the Government will say to the manufacturers, "Will you take a contract which limits your profits to 5 per cent?" They will be disposed to accept such contract in order to spread their general costs over a larger output. If, however, they will not accept that limitation of 5 per cent, we shall have to bring them to a reasonable state of mind by stating, "We can place in Great Britain or the United States a contract for the very same article upon which you may hold the advantage of a patent licence, and thus we shall satisfy the people of Canada that we are not being blackmailed or held up by you."

This Bill, as amended, will be returned to the House of Commons. There, when it was introduced, opinion was almost unanimous in its favour. As honourable senators are aware, many of the members of that House are business men. My honourable friend may say, "Oh, yes, but they are afraid of facing their electorate after demagogues have charged them with voting for a higher profit to enable manufacturers to make fortunes out of war contracts while our soldiers are risking their lives in defence of the country." Well, I repeat, this Bill will be returned to the House of Commons, and if it is accepted there in its amended form, experience will show under what conditions we have been proceeding.

My right honourable friend says, "With my statement in Hansard, I shall await you on the day of reckoning." He will, I think, admit that neither he nor I claim infallibility, and I hope he will not have occasion to point his finger at me and say, "I was right."

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

STATE OF CANADA'S DEFENCE

DISCUSSION CONTINUED

The Senate resumed from Tuesday, May 2, the adjourned debate on the question proposed by Hon. Mr. Griesbach, calling the attention of the Senate to the state of the defence of Canada.

Hon. ARTHUR SAUVÉ: Honourable senators, although I am far from sharing entirely in the opinion of the honourable senator from Edmonton (Hon. Mr. Griesbach), I must admit the merit of his speech and his soldierly frankness. Had the issue always been discussed with as much fearlessness and sincerity, the Canadian people would not now have their backs to the Tower of Babel. His fearlessness reminds me of Bourassa.

The "arsenal speech" of the honourable gentleman is full of ammunition for the defence of the British Empire, outside as well as inside this country. The question he has raised is submitted with military laconism and is skilfully directed towards provoking a debate on Canadian armament and its usefulness in a war in which Canada would be called upon to participate.

He is right in asking for an improved militia and a better military education. It is useless, ridiculous, even disastrous, to spend millions of dollars on equipment if soldiers are not properly educated and trained. Such an expenditure, instead of being in the interest of the militia, would rather favour speculators. Our militia must be strong and capable of defending us from attack from without and maintaining order within.

The honourable senator is also quite right in blaming what he calls the "go-slow," the "laissez faire" policy, when one million unemployed would like nothing better than to be fed and well paid, and at the same time receive a good training which would be useful not only from the military standpoint, but also in the organization of civil life in the best interests of Canadian production.

But I must differ with the honourable senator when he extends so far the limits of our own needs and means. Canada has bled herself of hundreds of millions of dollars by participating in extraterritorial wars, which, like the last one and so many others in the course of past centuries, have resulted in foolish geographical disruptions, and consequently in creating centres of hatred and revenge. The wish of the Canadian people is to live in peace with the world. In view of the enormous war debt which we have to carry, it is not possible to spend additional hundreds and hundreds of millions of dollars. The military issue was wrongly raised in the country. It was useful only for political exploitation and was recklessly exaggerated. This is not, it must not be, a racial issue. It must be governed by common sense, not by animosity.

I do not know which element the honourable senator from Edmonton referred to as being opposed to expenditures on armament, but I must say that such an element is recruited from all races in the country, and he would be surprised to hear our people express their views. It is fair to say that amongst them are represented the authors, the sponsors and the educators of Canadian evolution, and also of the colonial evolution of the British Empire.

Now, honourable senators, the experience I have gained in this House prompts me to

continue in my own language. But may I add that, speaking in French, I shall frankly and respectfully express my views without any feeling of acrimony, prejudice or narrow-mindedness. My natural and logical sympathies are with England and France, whose alliance is now happily the emblem of the two mother-races in Canada. On their part, the French Canadians have no feeling against the two great nations, the sources of all that is best in Canadian civilization—a civilization for which they will always nourish sympathy and gratitude. Our reasoned opposition to participation in war is simply directed to the question of Canadian interest, of interpretation of our status, and, above all, of ways and means and needs.

The central Government, enlightened by strong, impartial, competent authorities, should find a true definition, a true sense of our status as a nation. It should find also a way to teach an official doctrine in every part of the Dominion through our schools and universities, and the editors of the press. This work is urgent and should be undertaken before we speak of Canada again participating in war beyond our shores.

(Translation) Honourable senators, need I repeat that this question is not a subject for religious controversy? To those who might still entertain the petty notion that the French Canadians are misled by their clergy, I may say that they are entirely wrong, and I would remind them of the high-minded and Christian teachings of glorious Pius XI and of his most worthy successor. I would remind them also that the Catholic hierarchy, the high officials of the clergy, in the province of Quebec as elsewhere, have always firmly supported royal authority, even at the risk of creating rare and discreet discord. On his return from Rome and other European countries, especially Poland, His Eminence Cardinal Villeneuve addressed his clergy in a letter which shines with the light of history and is replete with Christian loyalty, dogmatic observance and Christian respect for established authority—for the British Crown. When the Prime Minister of England, Mr. Neville Chamberlain, for whom we all entertain such deep sympathy, called on the Vatican, we did not fail to be impressed and to appreciate such an example of Christianity and of high-mindedness; and we contrasted his behaviour with that of the Fuehrer when he visited Italy.

Our reasonable opposition is simply based on the question of Canadian interest, a question of interpretation of our status as a nation; above all, a question of means.

The central Government, enlightened by scrupulously impartial, evidently efficient experts, should have given Parliament a true, clear definition of our status. Once it was accepted, the Government should have found the means of teaching it as official doctrine in all parts of the country, in our institutions of learning, in the press, etc. Such teaching is more imperative than the present discussion on the duty or the opportunity of participating or not participating in the impending war.

The question of participating in the wars of Great Britain has the highest but a different interest for Canadians, ever since Queen Victoria's Jubilee in 1897, when the Prime Minister of Canada, Sir Wilfrid Laurier, addressing England, proclaimed: "Sound your clarions, light your bonfires on your hills, and Canada shall answer your call." Especially since the Laurier Cabinet decided for the first time to co-operate with England for the conquest of South Africa in 1899. There never was a question which aroused so much controversy, taught so many bad lessons, so much falseness, engendered so much hypocrisy, so many divisions and so many disasters. Our people were never so badly deceived as over this question. After the South African War, they were persuaded that it would be "the most suicidal policy that could be devised for Canada to enter the vortex in which the nations of Europe, England included, are engaged at the present time and which compels them to maintain great military armaments." Those were Laurier's words in 1902. Because of his sincerity we were taught that it would be a crime to oblige Canada, "with an immense territory, but with a sparse population scattered over an area 3,000 miles in extent from east to west, with a heavy budget of public works, yes, to oblige Canada to divert any part of that necessary expenditure to the supply of guns, cannon and military equipment." Again I am quoting Sir Wilfrid Laurier, speaking in the House of Commons on April 15, 1902. At the time he was the great leader of the electoral majority of the country, a majority which he retained in 1904 and 1908.

Such was the education the Canadian people received from their main political leaders, before British Imperialism made serious progress. Since then, one of the most brilliant minds of the century, the Canadian best informed on matters of universal history, Henri Bourassa, true to his past, to his political mandate, made himself the passionate propagandist of such national education. His incomparable and popular eloquence was especially powerful among the young, in whom he inspired sentiments which sometimes were

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expressed in violent language, and provoked exaggerated attitudes from all sides. Mr. Monk, the Conservative leader in the province of Quebec, a great scholar, whose moderate language and distinguished manners made him a commanding figure, allied himself with Mr. Bourassa, a step which made a profound impression in the whole country, but particularly in Quebec. In 1910, he suggested submitting the question to the electorate, as did the right honourable leader to the left (Right Hon. Mr. Meighen) in 1926 in Montreal. It would be a great and serious error to let people believe that the anti-militarists and the anti-participationists were to be found only among French Canadians. It would also be a great injustice against the French Canadians, who would thereby be represented as enemies of England.

I need not quote here the views of Adam Shortt, of Goldwin Smith, of Professor Marshall, of the Granges of Ontario, etc. And lately, did not the member for Selkirk, Mr. Thorson, professor in the University of Manitoba, show himself in the Commons to be most radically opposed to compulsory participation?

Since then, the thousand millions spent by Canada in the late war have increased the number of oppositionists throughout the country. The opposition is to a defence policy too expensive for our means, to a participation which would exact ruinous sacrifice. That does not mean that those who believe in a pacifist policy are indifferent, careless before the threats of war which may provoke interference from France and England. Their sympathy, for the greatest part at least, goes to the two great powers to which we are attached by sentiment and reason, even if they deplore, like so many others in England and in France, the weakness of the two great democracies and the fatal errors committed by them against young, fresh dictatorships which have proved themselves efficient for production and aggression. Let us not believe that everything is for the best in our democratic regime, nor that all is reprehensible in the new dictatorships.

Canadians believe that Canada, an adult country, an independent nation, should have a proper militia, but without running the risk of falling into the vortex of European militarism. The interest of Canada, our vital interest, lies in showing to the world a definite attitude as a pacifist nation, and extreme care in avoiding so far as possible the vengeful enmity of the aggressor countries. North America may rise to world supremacy through rational and discreet development along

economic lines, through frank aversion towards international quarrels and wars. The character of the new world must differ from the nervous, bellicose temperament of the old European civilization. If Canada does not live up to its exact part as a member nation of the Commonwealth, we shall fail to attain the high station which belongs to us. From both sides, we might be exposed to exaggeration. Canada should rise to the position which belongs to us, but not an inch further. We have reached our majority, but let us not follow the example of the son and heir who, in one year, dissipated a fortune he had thought inexhaustible.

If our independence should come to mean a vexatious interdependence, it would be better to decide on it at once. Before we involve our country in European conflicts we should study the causes of such conflicts. We have no right to commit our country lightly. There has been much talk lately of the conquests of Hitler and Mussolini, no thought being given to the fact that these conquests might amount simply to resumption of ownership.

Albania, the key to the Adriatic, is of special interest to Italy, because of the mandate conferred on Italy in 1919 and abrogated by the treaty signed at Rapallo. Is it true that in 1919 England and France were ready to give Italy a mandate over Albania? Mr. André Tardieu, lately Prime Minister of France, states it positively.

And Danzig? Is it true that it is a large city whose people are German, a city governed by "elected" men who are dependants of the Polish Government? Is it true also that the railroad station is Polish and the post office German?

Well then, would it be worth while for Canada to sacrifice or risk its future through a war due to such details of rather local interest? Neither France nor England is attacked; they might be if they interfered to defend friendly nations which are strangers to Canada.

In the study of our problems let us not forget the extraordinary and quick evolution of the world. It is the duty of our real leaders to keep the Canadian people well informed as to contemporary ideologies and their conflicts, which, according to Mr. F. R. Scott, professor of law at McGill university, are of great importance in the study of international problems. Our public men would be more at ease if the electors entertained, not false ideas, but exact notions as to geographic realities and commercial routes, and on the inevitable influence of seas on the trade of the world. They should be in a better position to act according to our national interests if our people were kept honestly posted as to

causes, conflicts, aggressions, claims and wars in Europe.

As the honourable leader of the Government knows better than anyone else, the future holds very difficult problems in store. Immigration is one of them. In the last thirty years has it not deformed the mentality of the country at the expense of our best institutions, in defiance of our most beautiful traditions? Its audacious advance in trade and industry, with the evident desire to control politics and the economic strength of our country, should inspire the two great races of the country with a salutary fear, and give us further reason for uniting in the interest of the institutions dear to all of us.

Most of the money spent on military affairs in the last third of a century was used for extraterritorial wars, in 1899 and 1914. And we spent those billions notwithstanding the promises made to the people by both parties in turn. The people were deceived, and it is no wonder they feel ever more strongly against armament policies. They are more logical, more sincere than some governments.

I repeat that the hon. member for Edmononton (Hon. Mr. Griesbach) and his supporters are right in demanding a well organized, well equipped and well educated Canadian militia. But it is essential that it should be proportionate to our needs and to our means.

Our military education is not what it used to be. Fifty years ago, the parishes in the province of Quebec had completely organized battalions with practical drilling. People were prepared for the defence of the country, and they knew their preparation was for that purpose, and for that alone. We had not yet been deceived. It is ridiculous, unjust and barbarous to send to the battlefield young men who are utterly devoid of military training and moral preparation in that respect.

That is what has been done in the last thirty years. The Government is preparing to send our young men to the firing-line while promising them they shall not go. The people have been deceived. They have been exploited with war stories. Remember the ugly incident of 1930, just before the election, when false rumours of a war with Turkey were spread for the sole purpose of saying that the life-blood of Canadians would again flow over the battlefields overseas, if Bennett were elected. It is in such dishonest fashion that our people have too often been exploited, and it is because of this education based on falsehoods that all military organization arouses fears, prejudice and radical opposition in the country. Better than any one else, the honourable leader of the Government (Hon. Mr. Dandurand) will understand to what I refer without insinuating anything.

In 1910 the Laurier Government plunged the country into the vortex of armaments, forcing us into the construction of a war navy, and passing the Naval Service Act, section 22 of which says:

The Governor in Council (i.e. the Government) may place the Naval Forces, or any part thereof, on active service, at any time when it appears advisable so to do by reason of an emergency.

Then section 23 specifies that "in case of an emergency, the Governor in Council may place at the disposal of His Majesty, for general service in the Royal Navy, the Naval Service or any part thereof." That Act is still on our Statute Book, as well as the Militia Act of 1904, which authorizes real conscription. Is it or is it not true? The section on definitions, 2 (d), explains that emergency means war, invasion, etc.

Then, from 1914 to 1918, Canada was plunged into the vortex of militarism, with the consent of both parties in Parliament. Now, twenty years later, when the country is not yet out of the abyss, Parliament, on the Government's advice, sinks us in further through a policy of defence and military participation, the cost of which no one can foresee. This is done at a time when our debt for participating in the last war is over a billion of dollars; when our national budget alarmingly and unexpectedly reveals a deficit; when the demands of government exact more than \$50,000,000 above the revenue, increased through additional taxation; when our farmers can survive only through abnormal subsidies from the State; when our manufacturing industries leave out on the street hundreds of thousands, and our commerce is left more and more in the hands of a monopolizing, revolting plutocracy. And all this after our population in Quebec has been told that with the Right Hon. William Lyon Mackenzie King, grandson of a patriot of 1837, at the head of affairs, Canada would never take part in foreign wars; the rest of the population being told that the King Cabinet would never "do anything without the authorization of Parliament." The Prime Minister often made that high-sounding statement, although he, better than anyone else, knew the obligation had been defined in section 24 of the Naval Service Act of 1910:

Whenever the Governor in Council places the Naval Service or any part thereof on active service, as provided in the two preceding sections, if Parliament is then separated by such adjournment or prorogation, as will not expire within ten days, a proclamation shall issue for a meeting of Parliament within fifteen days, and Parliament shall accordingly meet and sit upon the day appointed by such proclamation,

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and shall continue to sit in like manner as if it had stood adjourned or prorogued to the same day.

Is that section still on the Statute Book of Canada? Yes. Has the Naval Service Act been amended since? I do not think so. Is the real conscription Act, the Militia Act of 1904, still the law of the land? Yes.

Through section 24, the Government alone, without authorization of Parliament, may place our military organization and our navy on active service, Parliament being able only to approve or condemn the action of Government. That is what happened in 1899 and in 1914. The present Government cannot claim such policy as peculiar to itself. But those statements were made in order to delude our people once more. Consequently the Prime Minister proceeded with the greatest hesitancy, the greatest circumlocution—and what great skill!—to state in veiled sentences his Government's policy on foreign affairs. The Minister of Justice, with his great ability, was also called to the rescue to forestall fatal heart failure among several of the members who felt themselves threatened—among those political patriots whose shaking hands are still stained with the blood of the Borden and the Meighens. Some of them, rather than betray their promises and jeopardize their terrestrial salvation, preferred to disobey their political leaders. But what seems to me most strange and illogical is the behaviour of those members who verbally oppose all foreign participation, as well as conscription, who roundly denounce the conscription part of the Militia Act, but none of whom have yet dared bring in a resolution with the object of repealing that section of the Militia Act. I shall dispense with reading the clause—

Hon. Mr. DANDURAND: Read it, so that I may hear the law you are speaking about.

Hon. Mr. SAUVÉ: With pleasure. Here it is:

The Governor in Council may place the Militia, or any part thereof, on active service anywhere in Canada and also beyond Canada, for the defence thereof, at any time when it appears advisable so to do by reason of emergency.

The Governor in Council means the Government.

Now, here is section 8, chapter 132 of the Revised Statutes of Canada, 1927, enacting compulsory military service:

All the male inhabitants of Canada, of the age of eighteen years and upwards, and under sixty, not exempt or disqualified by law, and being British subjects, shall be liable to service in the militia: Provided that the Governor

General may require all the male inhabitants of Canada, capable of bearing arms, to serve in the case of a *levée en masse*.

How is it that not one of the members, at the time of the revision of the Statutes in 1927, dared ask that these sections should be struck off? I wonder how it is that in the course of this session not one member has dared so far to ask for the repeal of these clauses, when all of them proclaim their opposition to all participation in wars outside Canada.

The Right Honourable Prime Minister (Right Hon. Mr. King), the honourable leader of the Senate (Hon. Mr. Dandurand), the right honourable leader on the left (Right Hon. Mr. Meighen) all maintain that the axiom, "When England is at war, Canada is at war," does not mean that Canada undertakes to participate in all of Great Britain's wars. Well then, if in some cases Canada has the right, nay the duty, of refusing to participate in one of England's wars, without thereby being forced to withdraw from the British Empire, why have we not that right to-day with regard to the war being prepared so ambiguously, so equivocally, through pretence based on ambition and bitterness, after a division of spoils which carried in itself germs of revenge? Why should we not have the right to remain neutral with our scepticism towards entangling alliances, and before the violence of problems risen in that Europe which is nothing but a network of old antagonisms? Will these ineffectual alliances not necessitate another new map? But if the conflict became universal, Canada might do her share voluntarily, freely, limiting her effort, according to her judgment, to her natural resources and her industrial production.

If Canada, as an independent nation, remained neutral, how could Germany seize her, even if Germany defeated England? How could it be done, when we have as our neighbours the United States, who would have to be reckoned with, as well probably as an American League of Nations?

If there were a possibility, in the course of the impending war, of a German attack against Canada, would it not be another reason for keeping our militia, our soldiers at home, for the defence of our coasts while awaiting help from the United States and from the Commonwealth of which we represent the twenty-seventh part? The Canadian army would be of small importance in a war such as may break out any moment, but it could at least guard our Pacific coast efficiently.

However, to show that we entertain neither aversion nor bad feelings towards England, we would not be opposed to Canada leaving

Canadians free to fight in the British army. If necessary, Canada should be ready to supply England and her allies with munitions, with the products of our farms and our factories. But it should be according to the decision of her Parliament, after it had been elected with that mandate, and according to how and why war had been started. In a word, Canada must know where to lay the blame for the conflagration.

Participation by Canada, proposed by our Government and adopted by Parliament, should be voluntary and at the expense of England, who is rich enough to finance other countries. Loyal to their King, in sympathy with England, Canadians should be left free to go and fight with Great Britain, with the Mother Country, but not at the expense of our country, whose revenues are too small and whose obligations are too heavy to justify such a burden. Besides, did not Sir Gerald Campbell, British High Commissioner, state recently that the Great Britain-United States-Canada treaty represents for Canada a considerable sacrifice for the benefit of Great Britain and the United States? Our volunteers would represent a human capital which should be taken into account. After the Great War, Sir Robert Borden notified England that Canada would not be able to repeat the 1914-18 efforts. Yet our economic position at that time was far from being as precarious as it is to-day, because of the depression which endures and causes such ruin, and empties the coffers of the State.

Our federal, provincial and municipal debts amount to-day to \$7,162,000,000, leaving out the debts of the different churches. This indebtedness weighs upon the shoulders of ten and one-half million people.

French Canadians are not against voluntary enlistment, for they entertain for Great Britain and France a real and preferential sympathy. It would be imprudent on their part to object to this sort of voluntary participation at the expense of England. They do not care to act in a way which will create prejudice, grievances and hatred against themselves. And after the war is over, England should also grant to our Canadian soldiers the preference in the civil service granted in our own to the British soldiers.

Our governors ask our people to economize in order to help the country out of the financial morass. The State should set the example and not parade undue luxury when the country is threatened with the terrible suffering which will afflict the world if another war starts. In expenditures for armaments as well as in all others, the Government should consider not only our future needs, but also

our present means in view of our future needs. Think of it, our debt is over seven billions!

I agree with the honourable leader of the Opposition in the House of Commons (Hon. Mr. Manion), the first leader who had the courage to declare against conscription. Those against conscription cannot refuse their admiration to this evolution loyally accepted by a party which numbers many loyalists and imperialists who are proud and happy to live within the British Empire, to fight by its side and to trade with Great Britain and the Commonwealth. Let us also give due appreciation to the statement of the Prime Minister against military conscription; let us not lose sight of that statement. Those who approve this attitude of the Prime Minister should be honest enough, sincere enough not to deceive public opinion about the Conservative leader and other members of the Opposition who entertain the same views as the Prime Minister.

Honourable Mr. Manion was a glorious volunteer during the Great War. He joined the heroes in the trenches without waiting for the law to force him there. He saw the worst horrors, as well as our errors. As a good, experienced Canadian, he states that conscription is one of the errors we should not repeat. His opinion is of exceptional value.

Hon. Mr. LACASSE: That goes back to 1917.

Hon. Mr. SAUVÉ: My honourable friend speaks with the voice of the past.

Mr. Manion is in favour of Canadian participation, but would rather that we contributed food than men and money. His opponents who are trying, in the province of Quebec, to turn the public against him, because he joined the army voluntarily as a young physician in 1914, are unjust, dishonest, and their actions in that respect are worthy of contempt.

Canada is able to feed the French-British armies and those of their allies with her inexhaustible resources. What a great contribution, recognized as such in 1917 when the Borden Government exempted from conscription all those considered necessary to national production. Unhappily, that Act was exploited in an odious manner, which became an injustice. Our population, already inadequate for our territorial needs, may contribute products, but it would be imprudent for Canada, even for Great Britain, if many of our men were taken to the trenches. Moreover, most of our young men have no military training whatever. They are utterly unready, both physically and morally, for military service. It would be cruel and barbarous to conscript these young men who have been

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given no notion of love of flag, of national pride, no military spirit. If the Government is of the opinion that Canada is obliged to participate in all wars where England is concerned, it should long ago have directed popular education accordingly. It would have been fairer and more courageous than to make these young men believe they would never go to war as long as Messrs. King and Lapointe are at the head of the Government.

The duties of Canadians, the lessons of the flag and examples of bravery should be taught in peace-time. Then should love of country be inculcated. It would hardly be fitting to reproach Canadians for their wish for peace when we are so ill prepared for war. Besides, why have France and Great Britain so far sacrificed their pride in such a way as to avoid war? Because they were not prepared to face the enemy. We are in the same position today. Why should we show such enthusiasm in Canada for conscription when England faces it reluctantly and accepts it with hesitation and repugnance, over violent opposition which comes close to disloyalty, and deliberately weakens the negotiations of Mr. Chamberlain and his Government. If I, a French Canadian, sat in the British Parliament, I should be ashamed of such behaviour and example.

But I must say that if we had a general election, and a war started in Europe, and the same leaders favoured conscription, I would deny them the right to apply it without consulting the people, before obtaining authorization from the parliamentary majority of the elected representatives of the people, either by way of an election or a referendum. If they did not adopt that course, they would be the object of popular indignation, and might provoke a revolution which would destroy our parliamentary system and Confederation.

In all conscience, with the knowledge I have of my country, with the respect due to the authority of our King, with the knowledge of history, of economic geography, in which we are deeply interested, I cannot deceive my compatriots by stating that never, never should Canada take part in a foreign war. For example, what if Japan were to attack the United States to-morrow, and the latter called for our help? If to-morrow the King of Canada were unjustly, brutally attacked and some part of the Empire threatened with collapse, if he were to call on us to assist him, could we refuse to leave Canadians, who are at the same time British subjects, free to respond to the call? No, we should place at his service, if not men, at least all the munitions and food that we could supply. Would it be possible to refuse that kind of conscrip-

tion? No, no. To those who answer yes, I would say: If the United States, allies of England, flew to her defence, what should we do? If they asked us to join with them in the defence of the interests of the King of our country, if Australia were attacked, for instance, we should be unable to refuse. Let us be honest. The Canadian people expect it of us; they are disgusted with circumlocution, displeased because they are kept too much in the dark by their governors. Let us tell the truth. There has already been too much false education.

My attitude to-day is the same that I adopted in 1914-18, when I was openly against conscription. I respect those who do not share my opinion, yet I maintain that we must act, not through antipathy towards England and France, not absolutely refusing to sympathize and contribute, but with the desire to safeguard the future of our country, dear above all others. Canada First!

I express myself in this way without any ulterior thought of political ambition. Advancing years and my position have put an end to my electoral activities, but I love my country more than ever, and until my dying breath I shall keep the desire to serve its best interests, always to be worthy of the popular mandate which was left in my hands for over twenty-five years.

Hon. WILLIAM DUFF: Honourable senators, after listening to the very excellent speeches delivered in this Chamber this afternoon by the honourable gentleman who leads the Government (Hon. Mr. Dandurand) and the right honourable gentleman who leads the opposition (Right Hon. Mr. Meighen), in regard to certain important matters in this country, and after listening to my honourable friend from Rigaud (Hon. Mr. Sauvé), je propose—see if I can get this right, now—

Some Hon. SENATORS: Oh, oh.

Hon. Mr. DUFF: Je propose l'ajournement du débat—

Some Hon. SENATORS: Hear, hear.

Hon. Mr. DUFF:—until Monday evening at 8 o'clock.

The debate was adjourned.

ADJOURNMENT—BUSINESS OF THE SENATE

Hon. Mr. DANDURAND: Honourable senators, I move that when the Senate adjourns this afternoon it stand adjourned until next Monday evening at 8 o'clock.

I may say that there is nothing on the Order Paper for to-morrow. I hope, however, that bills will come to us from the Commons before the end of the week, and that we may have them before us on Monday evening.

I would notify the members of the Standing Committee on Railways, Telegraphs and Harbours, that that committee will be convened on Monday evening after the sitting of the Senate, to take up the Canadian National-Canadian Pacific Railway Bill, which deals with the compensation of employees.

The motion was agreed to.

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

THE SENATE

Monday, May 8, 1939.

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

Prayers and routine proceedings.

PROROGATION OR ROYAL ASSENT

The Hon. the SPEAKER informed the Senate that he had received a communication from the Secretary to the Governor General acquainting him that His Majesty the King would proceed to the Senate Chamber on Friday, May 19, at 3 o'clock p.m., for the purpose of proroguing the present session of Parliament or, alternatively, giving the Royal Assent to certain bills.

PENSION BILL

FIRST READING

Bill 6, an Act to amend the Pension Act.—Hon. Mr. King.

WHEAT CO-OPERATIVE MARKETING BILL

FIRST READING

Bill 82, an Act to Encourage the Co-operative Marketing of Wheat.—Hon. Mr. Marshall.

AGRICULTURAL PRODUCTS CO-OPERATIVE MARKETING BILL

FIRST READING

Bill 89, an Act to Assist and Encourage Co-operative Marketing of Agricultural Products.—Hon. Mr. Marshall.

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

Hon. Mr. MARSHALL: To-morrow.

Right Hon. Mr. MEIGHEN: Honourable senators, I hope that when the House debates this Bill and the preceding one, which have been set down to be read a second time to-morrow, there will be someone present who has had time to give attention to the constitutional phase of each. They are both the same as respects constitutional difficulties. It will be recalled that a Bill entirely similar in purpose to these Bills, though different in method, passed this House in 1934, was in operation for two or three years, and was then finally declared ultra vires. I have not had time to read all the debate in the Commons on these two measures, but I have read much of it. I should have thought justification of the Bills from the constitutional point of view would have been discussed, but, so far as I have been able to read, no reference was made to that. Therefore, though I am not taking issue on the constitutional phase—for I have not had time to study either the judgment in relation to the 1934 Bill, or these Bills as compared with that one—I certainly think this House, even more than the other House, should give the very closest consideration to that topic. I hope, therefore, that when these Bills come up to-morrow someone on the Government side of the House can speak on the subject, and also that someone on this side will be able to speak more authoritatively than I can, in view of the work I have to do between now and to-morrow.

Hon. Mr. DANDURAND: I think we should have the opinion of the Department of Justice, which passed upon this Bill. What form that opinion will take I do not know, but I suppose we shall be able to obtain information to-morrow from officials of that department who must have taken cognizance of the purport of the legislation.

Right Hon. Mr. MEIGHEN: I hope we may have, too, the opinion of our own Parliamentary Counsel. I have not had it myself.

Hon. Mr. DANDURAND: I mentioned, not the Parliamentary Counsel, but only those upon whose opinion the Department of Agriculture must have relied in presenting the Bill.

The Hon. the SPEAKER: Second reading to-morrow.

DIVORCE BILLS

FIRST, SECOND AND THIRD READINGS

Hon. Mr. ROBINSON, Chairman of the Committee on Divorce, presented the following Bills, which were read the first, second and third times, and passed:

Hon. Mr. MARSHALL.

Bill F3, an Act for the relief of Harold Morris.

Bill G3, an Act for the relief of Philippe Emile Collette.

Bill H3, an Act for the relief of Muriel Suckling Brown.

PRIVATE BILL

THIRD READING

Hon. C. E. TANNER presented the report of the Standing Committee on Miscellaneous Private Bills on Bill J, an Act to amend An Act to incorporate The Royal College of Physicians and Surgeons of Canada.

He said: Honourable senators, I may say that since the committee considered this Bill and decided to report it without amendment, certain amendments have been received from the promoters. These amendments are now in the hands of the honourable gentleman from Kootenay East (Hon. Mr. King), and, as he desires to move their adoption to-night, I would, with leave, move third reading of the Bill now.

Hon. J. H. KING: Honourable senators, I move that the Bill be not read a third time now, but be amended as follows:

Page 1, lines 24 to 31, both inclusive:

Strike out all words after "Council" in line 24, to the end of the clause and substitute the following:

may consider expedient from time to time, after consultation with Canadian universities and the national organizations representing special fields of medicine.

(2) The Council shall have power to grant special certificates to persons who shall have shown such degree of proficiency in such examination as the Council may consider entitles them to such special certificates: Provided that the granting of such special certificates shall in no way qualify such persons to be Fellows of the College.

(3) The Council shall also have power to grant certificates to graduates in specialties without further examination if such graduates have certificates or diplomas in specialties issued from a recognized Canadian university.

If I may, I should like to give a brief explanation. When introducing this Bill I intimated that it applied almost exclusively to the medical profession throughout Canada, the public probably being interested only because the measure would give them a means of identifying persons who had passed certain examinations qualifying them to practise as specialists. After it was introduced the promoters inquired of the various universities, the Medical Council of Canada and the provincial medical councils, with a view to making sure that the profession in general was in sympathy with the measure, and endorsement has been received from these

institutions. But in order to clarify the measure to the satisfaction of these endorsers it has been thought desirable to make the amendments which I have moved.

Hon. G. LACASSE: Honourable senators, I should like to ask a question for the purpose of getting some definite information. A few weeks ago I happened to receive a strong protest against this Bill, and I was given to understand that the Bill would not be proceeded with until the various protesting parties met and came to some agreement. From the remarks just made by the honourable senator from Kootenay East (Hon. Mr. King) are we to understand that all the protesting parties have now been satisfied?

Hon. Mr. KING: That is my understanding, which I have received from the promoters. I have gone into the matter very carefully.

Hon. Mr. DANDURAND: And I may say it is my understanding too.

Hon. Mr. LACASSE: If that is so, then I have no objection. I simply wanted to be clear on that point.

Right Hon. Mr. MEIGHEN: Were the protests referred to by the honourable gentleman from the public or from doctors?

Hon. Mr. LACASSE: From interested faculties of medicine.

Right Hon. Mr. MEIGHEN: This Bill may be all right, and I should not like my remark to have any special reference to it. I am strongly disposed to think that far too much power is given to medical councils, legal councils and some other councils.

Hon. Mr. DANDURAND: The universities wanted an opportunity to look into the Bill to see whether it invaded any of their powers, and those bodies concluded that if the Bill were amended as now proposed by the honourable senator from Kootenay East (Hon. Mr. King), they would approve of it. I have received letters stating that position. It is desirable that doctors who advertise themselves as specialists should obtain some certificate testifying to their study along the special line concerned. I have had occasion to learn that some doctors supported their claims to special knowledge in certain matters by diplomas from foreign universities. I think it is a good thing that the Council should have power to grant special certificates in certain cases, as provided by this amendment, so as to give the public some assurance of knowledge and competency on the part of doctors holding these certificates.

The amendment was agreed to.

Hon. Mr. TANNER moved 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.

BRITISH COLUMBIA-ALASKA HIGHWAY

DISCUSSION

Hon. W. A. GRIESBACH rose in accordance with the following notice:

That he will draw the attention of the Senate to a proposal for the construction of a military motor road from the United States boundary through Canadian territory to the United States territory of Alaska.

He said: Honourable senators, the matter to which I desire to draw the attention of the House is a proposal to construct a motor highway from some point on the road system of the United States, through Canada, to the American territory of Alaska. The proposal is largely sponsored by the Premier of British Columbia. In brief, the proposal is that the money shall be supplied by the United States, though that point has not yet emerged as clearly as it probably will ultimately. Coupled with the advance of the money necessary for the cost of construction is the further proposal that the road shall be made available to the United States in time of war, for the movement of troops and military supplies.

Hon. Mr. FARRIS: May I ask my honourable friend who has proposed that the road should be made available to the United States in time of war?

Hon. Mr. GRIESBACH: It is proposed in a Washington dispatch, which I shall read presently. Discussion in the newspapers of British Columbia bears out my statement. I do not see how anyone from that province can be ignorant of that aspect of the matter.

The proposal is made attractive by the suggestion that it will contribute to the tourist trade and also will open up the country.

The estimated cost of construction is anywhere from \$20,000,000 to \$50,000,000. A commission has been set up in the United States by the American Government, and another commission has been set up in Canada by the Canadian Government, for the purpose of going further into the matter. Here it has been covered by an Order in Council, No. P.C. 3252 of December 22, 1938. After the usual opening, the Order proceeds:

That the Premier of British Columbia has repeatedly emphasized the important and beneficial results which, in his opinion, would follow from the decision to construct a highway which would unite the road system of British Columbia and the Yukon Territory with that of Alaska;

That representations have been received from the United States Government with regard to the desirability of providing for the construction of such a highway;

That pursuant to the passage of a Bill through Congress instructing and empowering the President of the United States to appoint a Commission of five persons "to co-operate and communicate directly with any similar agency which may be appointed in the Dominion of Canada in a study for the survey, location, and construction of a highway to connect the Pacific Northwest part of continental United States with British Columbia and the Yukon Territories in the Dominion of Canada and the Territory of Alaska," the President did appoint a Commission consisting of the following persons:

Congressman Warren G. Magnuson, Seattle, Wash.

Dr. Ernest Gruening, Director, Division of Territories and Island Possessions, Department of the Interior, Washington

Donald McDonald, Engineer, Alaskan Road Commission, Fairbanks, Alaska

J. W. Carey, Public Works Administration, Portland, Oregon

L. W. Riggs, Former Governor of Alaska, New York;

That the United States Commission was further empowered to discuss "plans for the financing of the construction and maintenance of the said road";

That it is expedient that the Canadian Government should have before it a full report on all aspects of the proposed construction before any decision with regard thereto is taken.

The Minister, therefore, with the concurrence of the Minister of Mines and Resources, recommends:

1. That a Commission of five persons be appointed to enquire into the engineering, economic, financial, and other aspects of the proposal to construct the said highway to Alaska and to meet for the purpose of discussion and exchange of information with the United States Commission appointed for that purpose, and subsequently to submit to His Excellency the Governor in Council a report setting forth the evidence received and the conclusions drawn therefrom;

2. That the following persons be appointed for this purpose:

Honourable Charles Stewart, Ottawa (Chairman),

Brigadier-General Thomas L. Tremblay, Quebec,

J. M. Wardle, Esquire, Department of Mines and Resources, Ottawa,

Arthur Dixon, Esquire, Department of Public Works, Victoria,

J. W. Spencer, Esquire, Vancouver.

3. That authority be granted for the payment of the necessary and legitimate travelling expenses, during the current fiscal year, of the members of the Canadian Commission from Vote No. 530, S.E. 1938-39, of the Department of Mines and Resources.

The Committee concur in the foregoing recommendations and submit the same for approval.

E. J. Lemaire,
Clerk of the Privy Council.

It is by virtue of this Order in Council that the body was created which at the present moment is, I understand, in consultation with the American commission.

Hon. Mr. GRIESBACH,

The only revenue possible from this proposed road would be by way of tolls. It is not a commercial proposition in any sense; it is simply a military road. I am not unfamiliar with the devices which might be adopted to conceal the fact that the money was being found in the United States. We are familiar with the formation of a company which would sell its bonds there, the money to reach this country.

What should interest everybody is the nature of the agreement to be entered into. Its sole purpose would be to aid the naval and military situation of the United States in case of a conflict. A glance at the map discloses that the Territory of Alaska is continued in an easterly and southerly direction by a chain of islands which are at this moment being fortified by the United States. Drawing a line through them down south through the Hawaiian Islands gives you the naval outposts in the defence system of the United States.

At present the only means of communication from the mainland of the United States to their fortified possessions in the Aleutian Islands is roughly 2,000 miles by sea. If we take for instance a shipment of 10,000 tons, the whole of that quantity of goods may move in one ship and arrive intact at its destination in six or seven days. If the proposed road were constructed, and the same quantity of goods were to be moved a similar distance, it would require 2,000 five-ton trucks with 4,000 drivers, at ten times the cost, and with inconvenience and other frictional factors. It is obvious that the road is not in competition with sea-borne traffic at all, and it can be of no value whatever except for military purposes. It would be urgently needed only if the United States lost control of the north Pacific ocean in a war with Japan. Then, of course, it would have an outstanding value to the United States.

In a speech which I made to this House in 1934, and which will be found at page 509 of the Senate Hansard of that year, I discussed at considerable length the duties, obligations and responsibilities of this country in connection with the maintenance of our neutrality in the event of a war between the United States and Japan. I pointed out that if we permitted the Japanese to use our coast for the purpose of harrying American trade, and we were unable or unwilling to maintain our neutrality by the exercise of proper air, military and naval force—which I thought was our position then, as I think it still is—the United States, under international law, would be entitled to abate the nuisance by forcibly occupying our ports and harbours to put an end to the inconvenience they were suffering

by reason of our failure to maintain our neutrality, and that if such a thing should happen it would result in the loss of our sovereignty.

Let me give honourable members an idea of the viewpoint of some persons in the United States. A senator from one of the southern states has suggested that the United States should make application to England for the granting to them of a corridor fifty miles wide, through Canada, from the Canadian-American boundary to Alaska. I need not discuss the peculiar views of such persons, but I would certainly direct attention to the fact that, having regard to the importance of the road to the United States in the event I have described, and the practically entire uselessness to Canada of such a road meanwhile, we may assume the United States will not put a dollar into the construction of that road unless there are assurances by somebody in Canada that the road will be made available for military purposes in time of war.

A dispatch from Washington, dated February 17 of the present year, describes the formation of these commissions, and so forth, and concludes with this paragraph:

In return it was believed the United States would seek Canadian assurances that this country could use the highway for military purposes in time of national emergency.

In the British Columbia papers from which I have clippings, that aspect of the matter has received considerable attention.

I desire to point out that, should war break out, if that road were built with American money and some understanding existed as to the shipment of troops and supplies, or, even without such an understanding, if we permitted such shipment, Canada would be guilty of an unneutral act which would operate to the disadvantage of Japan. Japan, by international law, would be entitled to rectify and liquidate that situation by military action against Canada, and that in turn would bring us into conflict with Japan almost immediately. If Canada, not being at war with Japan, consented to an invasion of her territory by United States forces, she would have lost her sovereignty by failing in an obligation imposed by international law. There I am stating the international law on this question. I repeat, if we were to permit the United States in time of war to use that road for the transshipment of troops and military supplies, we should be guilty of an unneutral act and therefore liable to offensive action on the part of Japan. In other words, we should be projected into a war in which we might have no great interest—in which, in fact, we might have no concern at all.

The importance of this matter becomes all the greater when we remember the recent pronouncement of our Prime Minister, reviving what I had thought was ancient doctrine, that when Great Britain is at war Canada is at war. Quite recently our Parliamentary Counsel, Mr. O'Connor, laid it down that the Crown is indivisible, and that it is inconceivable that the Crown with respect to the Kingdom of Great Britain could be at war and the Crown with respect to the Dominion of Canada could be at peace with the same state. The converse of that proposition is equally true, that, if the Crown with respect to Canada becomes involved in war, it follows that we drag in with us the whole Empire.

The point I should particularly like to make at the moment is this. The discussion so far is about the construction of a motor highway extending from the American road system, through Canada, to Alaska. Canada having become engaged in that discussion, it follows that if the proposal received the assent of Canada, circumstances from then on would take charge of the situation, and, in the event of war, would take charge of Canadian national policy. I desire to protest against any such possibility. I am willing to discuss on its merits, and by itself, an alliance, defensive and offensive, between Canada and the United States, but I object to a discussion of the mere construction of a road of this kind, which, by a side wind, may have the effect of bringing us into a defensive and offensive alliance with the United States. I go further. Having regard to the doctrine of the indivisibility of the Crown, while it might be desirable and in the interest of this country to discuss an alliance with the United States respecting the situation on the Pacific Coast, we cannot consider such a discussion unless we bring into it the whole of the Commonwealth and the whole of the Empire. Consequently I draw attention to the discussion as far as it has gone. What we have now is a proposal with an active interest behind it. Two commissions are now sitting, and undoubtedly a report will be made to the Government. This is a matter of outstanding importance, fraught with the possibility of very serious consequences to this country, and I hope that no very definite or positive action will be taken by the Government without Parliament first having an opportunity to examine into the matter from the point of view not only of the best interests of Canada itself, but of the Commonwealth and the Empire as a whole.

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

BRITISH NORTH AMERICA ACT

REPORT OF PARLIAMENTARY COUNSEL

Hon. J. W. deB. FARRIS: Honourable senators, with the permission of the House I should like to move the following resolution:

That the Senate formally acknowledge receipt of the report made by Mr. W. F. O'Connor, K.C., Parliamentary Counsel, relating to the British North America Act and made in response to the instructions given him by this House; and that the Senate express to Mr. O'Connor their appreciation of the work he has done—his scholarly research, the accumulation and arrangement of material, and his able presentation of his opinions and comments.

I feel, honourable members, that it is fitting and appropriate that the Senate in this way record their appreciation of Mr. O'Connor's work. I had occasion in recent weeks to be engaged before the British Columbia Court of Appeal in a constitutional case of importance, involving a consideration of that field so often in dispute, in relation to property and civic rights in the province on the one hand and the regulation of trade and commerce by the Dominion on the other. During this controversy I had Mr. O'Connor's book constantly at my side. It is a useful book for the practising lawyer in constitutional matters and for the judges who are dealing with these questions. But its usefulness and interest are not confined to those concerned with litigation. They extend to all who are students of the Canadian constitution and the history of our institutions. It will prove valuable as a book of reference, and the vigorous opinions expressed by the author are enlightening and stimulating. I feel I can speak without prejudice, because I am a firm believer in the worth of the Privy Council and am strongly in favour of its present continuance as a Canadian court of appeal.

Mr. O'Connor has not hesitated to criticize the judgments of some of the greatest judges that court has produced. I do not find, however, that this has crossed my opinion. He has not attempted to discover what might have been the fate of the Canadian Constitution if there had been no Privy Council and if the British North America Act had been left to the tender mercies of our Canadian courts.

In speaking in the highest commendation of what Mr. O'Connor has done, I would not weaken that commendation by asserting that I agree with all he has said. It would indeed be an innocuous and evasive work if he could have written 700 pages and have had another lawyer entirely concur. I disagree in some matters quite definitely. But it is in the field of controversy that Mr. O'Connor is at his best, most thought-provoking and stimulating.

Hon. Mr. GRIESBACH.

I cannot but marvel at the amount of work he has done in so short a period of time, assisted, I believe, only by his most competent daughter.

I have pleasure in moving this resolution.

Right Hon. ARTHUR MEIGHEN: Honourable members, I am very happy indeed to hear this resolution. I think it most appropriate that it should come from one who is not yet a leader of any side in this House (Hon. Mr. Farris) and should be seconded by another who is in the same position (Hon. Mr. Haig). Not being engaged in the practice of law, I have not as yet been able to make a study of the work which Mr. O'Connor has produced, and therefore I cannot speak of it with such authority or intimate knowledge as is shown by the mover of this resolution. I did, however, have something to do with naming Mr. O'Connor to perform this task, for I had the certain confidence that if he undertook it, no pains would be spared, no toil would be too much, to carry it to a useful and serviceable conclusion. Very rarely have I met anyone capable of the extremely hard labour Mr. O'Connor puts upon all he undertakes. He knows no fatigue. He has the advantage also of possessing an exceptionally well trained and well ordered legal mind. We are indeed fortunate in having his services at our disposal. From what I have heard of this book, it is in fact a contribution to the legal literature of our country.

It was not our thought, of course—and in this I believe the honourable senator from Vancouver South (Hon. Mr. Farris) will agree—that Mr. O'Connor should perform this work especially for the benefit of the legal profession. We felt we should have very particular need of the work here, because it was only too clear we were on the eve of discussions of moment as respects our own Constitution—discussions which will become very imminent when the report of the royal commission on the subject is brought down. We thought we might have Mr. O'Connor's discussions to enlighten us and his opinion to guide us, and what he has produced is, I think, going to be very well received.

Hon. RAOUL DANDURAND: Honourable senators, I may say that I have not had time to read the whole 700 pages of Mr. O'Connor's report, but I have gone through a considerable part of it. I have been surprised at the illuminating statements he has made respecting clauses 91 and 92 of the Act, and the enlarged powers, as he sees them, of the federal authorities. Throughout the argument I was inclined to stand with him against a prominent jurist of the Privy Council who

whittled down the powers of the Federal Parliament. I may have to go more deeply into the subject to be convinced of the correctness of Mr. O'Connor's views on the indivisibility of the Crown. That is a very big question.

The honourable senator from Vancouver South (Hon. Mr. Farris) has expressed surprise at the volume of the information Mr. O'Connor was able to bring before us within so short a space of time. I would remind my honourable friend of an occasion when Mr. Thiers, ex-president of the French Republic, and a noted historian, was speaking of Egypt. He had given a wonderful history of Egyptian relations with Europe, and as he came down from the tribune someone said, "What extraordinary improvisation!" He replied, "Yes, an improvisation about which I have been thinking for the past twenty years." I am quite sure that when Mr. O'Connor brought his faculties to a consideration of the questions before him he had been thinking of them for quite a number of years. Mr. O'Connor has been a professor in Dalhousie University, which has produced many men prominent in provincial and federal life. In unanimously supporting the proposal of my right honourable friend that we should confide the work to Mr. O'Connor, I think we showed excellent judgment.

The motion was agreed to.

PRIVATE BILL
SECOND READING

Hon. E. S. LITTLE moved the second reading of Bill Z2, an Act to incorporate Prescott and Ogdensburg Bridge Company.

He said: Honourable members of the Senate, some of you may remember that a Bill similar to this was before the Senate some few years ago. The time allowed to the company incorporated under that Bill elapsed before any progress was made, and during the years of the depression there was no revival of the company's activities, owing to conditions in Canada and in the United States.

The petitioners mentioned in the Bill before us are all Canadians living in the town of Prescott. Incidentally, they own the Prescott and Ogdensburg Ferry Company. This fact may allay the unrest in the minds of some people regarding the Bill.

The purpose of the Bill, primarily, is to enable the proposed company to co-operate with the St. Lawrence Bridge Commission. That commission was created some years ago by the then Governor Roosevelt and a site was afterwards chosen for an international bridge.

The legislation necessary to enable the State of New York to carry on was passed by Congress several years ago. That legislation lapsed. It was re-enacted only some three weeks ago. This explains why Bill Z2 is so late in coming before us. As soon as there seemed to be some prospect of the legislation being re-enacted in the United States, the Bill before us was advertised here and the petition finally drawn up.

I do not know that it is necessary for me to go further into the details of the Bill. It is modelled very largely on the one creating the St. Clair Transit Bridge Company, which, along with a similar body in the United States, built the Port Huron-Point Edward bridge, opened a year ago. It is my intention to ask, if the Senate sees fit to pass the second reading of this Bill, that it be sent to the Committee on Railways, Telegraphs and Harbours, where the various clauses can be examined in detail, and where those who are more closely associated with the undertaking than I am will be available to explain the Bill.

Right Hon. ARTHUR MEIGHEN: Honourable members, I am very happy to support this Bill. If there is any reason for a special inquiry, we can have it in the committee.

This Bill brings to mind a similar measure of last session with respect to the Niagara Falls bridge. The House will recall that the Queen Victoria-Niagara Falls Park Commission, which represented the province of Ontario, I believe, sponsored a Bill for the erection of a bridge across the Niagara river, to take the place of a previous bridge which was owned by the International Railway Company. After a considerable battle, attempts at settlement having failed, the Bill was withdrawn. I was sympathetic to the building of the bridge under the auspices of the Ontario Government, only I felt that there should be some fair settlement of the claims of the original company. I would not have supported the company in any exorbitant claims at all. But I read in the press that the Ontario Government are going ahead with a bridge, although no bill has been presented to Parliament. Such a course apparently has not appealed to the honourable senator from London (Hon. Mr. Little), for he is here with his Bill.

Hon. Mr. HARDY: Will the right honourable gentleman allow me? I understand that the new commission that is being formed has come to an agreement with the American company, which owned the old bridge that was carried away. I am not certain of the terms, but I understand they have made a

compromise at about \$600,000 or \$700,000, for which the commission would acquire the old company's rights.

Right Hon. Mr. MEIGHEN: I am glad to hear that, and I am pleased that the bridge will be proceeded with. What was puzzling me was how the Ontario Government could go ahead with a bridge without having had a bill put through here, and I was curious to know what this Parliament was going to do about it.

Hon. Mr. LITTLE: I understand that the Dominion Government have approved all the plans. The Ontario commission and the American commission have come to terms with the International Railway Company.

Right Hon. Mr. MEIGHEN: I am very glad to know that. I had not heard it.

Hon. Mr. HARDY: Honourable senators, I have no objection to our giving second reading to this Bill, so long as it is understood that in so doing we shall not be bound to accept the principle of the measure. If my honourable colleague from London (Hon. Mr. Little) is agreeable to that, I have no further points to raise, but I should have something to say in case the second reading would bind us to the principle.

Hon. Mr. DANDURAND: It would not.

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

SUSPENSION OF RULE

Hon. Mr. LITTLE moved that Rule 119 be suspended in so far as it relates to this Bill.

The motion was agreed to.

REFERENCE TO COMMITTEE

Hon. Mr. LITTLE moved that the Bill be referred to the Standing Committee on Railways, Telegraphs and Harbours.

The motion was agreed to.

RAILWAY COMMITTEE

On the motion to adjourn:

Hon. Mr. DANDURAND: Honourable senators, I would remind members of the Standing Committee on Railways, Telegraphs and Harbours that the committee is meeting immediately after the Senate rises.

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

Hon. Mr. HARDY.

THE SENATE

Tuesday, May 9, 1939.

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

Prayers and routine proceedings.

CANADIAN NATIONAL-CANADIAN PACIFIC BILL

REPORT OF COMMITTEE

Right Hon. Mr. GRAHAM presented, and moved concurrence in, the report of the Standing Committee on Railways, Telegraphs and Harbours on Bill I 2, an Act to amend the Canadian National-Canadian Pacific Act, 1933.

He said: The committee have examined this Bill and beg leave to report the same with the following amendment:

Page 2, line 19, after the word "at" insert the words "or after."

That is the only amendment. The Bill did not provide for compensating employees needing a settlement after the date of their retirement.

Right Hon. Mr. MEIGHEN: I do not understand the effect of the amendment. Maybe it is my fault.

Right Hon. Mr. GRAHAM: The only effect it has, so far as I can ascertain, is this. As the clause was drawn, it allowed a settlement only up to the date of retirement. This amendment shows that settlement may be made after the retirement.

The Hon. the SPEAKER: Is it the pleasure of honourable members to concur in the amendment made by the committee to this Bill?

Right Hon. Mr. GRAHAM: I am informed I did not state that quite correctly. The amendment refers, not to the retirement, but to the coming into force of the Act.

Right Hon. Mr. MEIGHEN: I do not understand it yet. Is the effect of the amendment to compel the companies to go back?

Right Hon. Mr. GRAHAM: No.

Hon. Mr. MURDOCK: May I read the section as it came to us in committee?

"employee" means any person in the service of National Railways or Pacific Railways for compensation at the date of the coming into force of this schedule.

That made no provision for employees who might enter the service after this measure came into force. So the subsection has been made to read:

"employee" means any person in the service of National Railways or Pacific Railways for compensation at or after the date of the coming into force of this schedule.

The Hon. the SPEAKER: Shall the motion for concurrence carry?

Hon. C. C. BALLANTYNE: Honourable senators, when this important Bill was before the House for second reading I expressed my—

Hon. Mr. DANDURAND: Does not my honourable friend feel that he would have more leeway on the motion for third reading?

Hon. Mr. BALLANTYNE: I shall not be here. When this Bill came before us for second reading I expressed my disapproval of its provisions, and I have had no reason since to change my mind.

The Hon. Minister of Transport, Mr. Howe, made last night a very fair presentation of the Bill before the Standing Committee on Railways, Telegraphs and Harbours. He stated that when the representatives of the big international union waited upon him in regard to this proposal, he pointed out that it was a matter for them to settle with whatever railway they happened to be employed by, and that he should not be expected to ask the Government to interfere. The railway men had one or two conferences and then came back and said they wanted the proposed compensation to be made statutory. The Minister wanted to know on what ground they based their request. It was their opinion that such compensation as they were advocating could be made effective only by legislation.

The various railway representatives who appeared before the standing committee last night were asked to point to any place in the Acts of 1933 and 1935 where there was any justification whatsoever for claiming that compensation should be made statutory. They were unable to do so, and I am satisfied that there is not a single member of the legal profession in this House—I may go further and say I do not think there is one at all—who could find in the Acts of 1933 and 1935 any justification for the claim of the railway men that their request could be met only by legislation. I am still strongly of the opinion that compensation is a matter for the employees to settle with the railways. I was pleased to hear the Vice-President of the Canadian Pacific Railway, Mr. D. C. Coleman, make the statement that during the fifty years of its existence the Canadian Pacific Railway, with its vast number of employees, had never had the slightest difficulty in regard to this matter.

This honourable House will wonder, then, what has caused the big international union to press so strongly for this legislation. The answer is not far to seek. True, the railway employees want compensation as set forth in this Bill, but they are out for something much bigger. They are not at all pleased with the co-operative measures that have taken place, and they believe that if this Bill passes this House it will absolutely prevent any further successful attempts at co-operation. I would ask the House to bear with me while, for the purpose of substantiating this argument, I quote from reports of railway employees' meetings, some held in the United States and some in Canada. I shall quote first from the statement of the Co-operative Legislative Committee, Division No. 4, Railway Employees Department, American Federation of Labour, which appears in the official organ, *The Federated Railwayman*.

March 8th: Conference at Ottawa, the Minister of Transport presiding. Representatives of railways expressed agreement with principle of compensation protection, but C.P.R. declined to enter conference with "hands tied" to legislation. Further conference was then agreed to and arranged by Minister, a draft bill to be prepared as basis discussion.

Then I refer to a conference at Montreal:

March 27: Conference at Montreal, Mr. Matthews presiding. Redraft of bill by Mr. Matthews assisted by sub-committee was discussed, conference concluded about 6 p.m., after all items had been reviewed. At conclusion, railways, being urged to state their position, said in effect that they were not prepared to sponsor legislation which would nullify benefits of co-operative measures directed by the Act; but C.N.R. indicated agreement with legislation covering subject, but thought it was responsibility of Government.

Now I quote a statement made by Mr. Fairweather, of the Canadian National Railways, before the special committee of the Senate on May 11, 1938:

If you entered on that program with an obligation within that limited scope you compensate labour for its being displaced, and if you took into consideration also compensation of industries that would be dislocated, then you would not come there at \$10,000,000. I quite admit that. But I do say this. It is based on an expectation that railway labour would have to take its chance with every other type of labour in the country. When a factory finds a better way of doing its work, it fires some of its men, and it does not have to compensate them.

I quote now from the *London Free Press* of April 24, 1939, reporting the action of the National Labour Council, which opposed any plan for further pooling of Canadian Pacific and Canadian National services.

A resolution expressing complete opposition to any plan to pool the C.N.R. and C.P.R. services any further, and particularly in the

Woodstock to Windsor section, was passed by the National Labour Council here yesterday.

H. T. Harrison, President of the Council which represents the various all-Canadian unions, said the delegates were decidedly opposed to the latest proposals.

Pooling would certainly lead to amalgamation and would mean virtual monopoly and the end of bargain fare excursions enjoyed by the poorer people to-day because of competition, the delegates believed.

With regard to the scheme to compensate the men displaced by pooling, it was felt that this was a scheme to shift the burden from the railways to the people through the Government.

In pooling or merging the burden of the debt of the C.N.R. would remain with the Government and benefits accrue to private interests, according to arguments of the Council.

And here is an extract from the Saskatoon Star-Phoenix of May 1 of this year, reporting the action of the Saskatoon Joint Council of Railway Unions, opposing this proposed legislation as not going far enough in compensating workers.

A proposal by Senator Dandurand offering separation allowances and dismissal compensation to workers who might be thrown out of jobs through possible railway co-operation, was rejected by the Council, in another resolution. This resolution demanded that rail employees be not expected to lose five cents through the introduction of co-operative measures.

Next I quote from a statement by Robert Hewitt, Vice-President of the Carmen's Union, which appeared in Carmen's Journal, an official organ, on February 23, 1939. Referring to co-operative measures, he said:

Then there is still another school of thought in connection with the problem: some prominent leaders take the view that rather than seek amendment to the present Act, with a view to protecting the interests of those who might become displaced as a result of consolidations here and there, we should concentrate our efforts upon fighting against such consolidations, that seeking protective legislation is acquiescing in such consolidations.

Personally, I do not hold with the latter view. There certainly is some logic in the fact that any attempt to get the present Act amended might be confused with our stand on unification, but I believe that if Mr. Beatty's suggestion is courteously, but definitely rejected, first of all, we would be quite safe and quite free from getting the two distinct questions confused, if we later took up the question of securing a consolidation agreement similar to that now in force in the United States, which experience there has shown, has, by lowering the economies to be effected, caused many proposed consolidations to be withdrawn. I have no doubt it would have a similar effect in Canada.

Finally I quote Mr. F. H. Hall, Vice Grand President, Brotherhood of Railway and Steamship Clerks, Freight Handlers, Express and Station Employees, in the official organ of the Brotherhood, "The Railway Clerk," for February, 1939. He too was referring to co-operative measures. He said:

Hon. Mr. BALLANTYNE.

The possibility that further such steps will be taken was duly considered. It was the opinion of many that in the event the sponsors of unification are not successful in enforcing their program, there is great danger of many more co-operative measures being effected under the Act, with consequent great loss of employment. Therefore, it was decided to seek an amendment to the Act, whereby displaced employees would be suitably compensated. This will have the double effect of protecting those displaced from the service, and raising the cost of co-operative measures to the point where they lose some of their attractiveness to the sponsors.

I think, honourable senators, these various citations clearly indicate that the men have at all times had in mind what is manifestly more important to them, that is, to prevent so far as they possibly can any further co-operative measures by either of the two roads.

When last night Mr. D. C. Coleman, Vice-President of the Canadian Pacific Railway, appeared before our committee to express his disapproval of the Bill, but not of the principle of compensation if unification went through, he said that the officials of the railways could not discuss further co-operation in any intelligent way, owing to the fact that they would be unable to find out what the compensation to railway employees would amount to in regard to the particular co-operative measure under consideration, and that it was essential for them to know what would be the actual expense. He stated that the railway wage problem was an intricate and difficult one, and he did not think that the executives of the two railway systems would be able to come to an intelligent conclusion in regard to the cost of any proposal for co-operation, and therefore could not tell what the economies would amount to.

In these days of dire stress and strain, of which we in this country have never seen the like—I for one have not, though I have lived the allotted span of "three score years and ten"—When I think of the thousands upon thousands of employees who during the past seven years of the depression have been let out, to the sorrow and regret of employers, and reflect that nothing has been done for those fine men and women, I ask, why should we have a privileged class in this country? For once I find myself in agreement with the honourable senator from Parkdale (Hon. Mr. Murdock). Often I have heard him state that he was against class legislation, because he knew that such legislation was at the expense of the many. I agree with that statement, and I say that if this Bill goes through it will create a privileged class at the expense of the many.

Let me cite a case which was brought before the committee last night. Take an engine-driver of a passenger train drawing a salary of \$250 a month. He is demoted to a mixed freight. When he takes up his new duties his salary drops from \$250 a month to \$225. But does he lose a cent? No, because if this Bill passes he is compensated \$25 a month, and will draw full salary in his new position. That follows through to the conductor; the brakeman, the station agent, and so on. The only man who, it seems to me, gets the short end of the proposition is the poor yard-man earning low wages. As my leader tells me, that man goes out entirely.

To-day everyone with a fairly large income is heavily taxed. Take my own city of Montreal. In addition to the federal income tax, we have to pay 20 per cent by way of a civic income tax. Let me give an instance of how this heavy taxation depreciates the value of property. A neighbour of mine died leaving a house for which he paid \$100,000. To-day his executors are looking for a buyer at \$10,000, and they cannot find one. Why? Because to-day, with such heavy taxation, few men are able to keep up large houses. As you go down the scale you will find appalling poverty throughout the country, and especially in our large cities.

Why should these railway men not stand their fair share of the burden of taxation? They now come to the Government because they believe this is a very opportune time, and, virtually with a big stick, like Hitler, they say: "We will have no further conferences at all. Our demand must be given statutory effect—or else you know what is going to happen to you."

I would remind these railway men that in the Merchant of Venice Shylock took a very firm stand and demanded his pound of flesh. We know what eventually happened to him. There is a growing public opinion from one end of this country to the other that the railway men, owing to their entrenched position as members of strong international unions, are not playing fair with the railways in particular and with Canada in general. Therefore I for one shall vote against this Bill.

I am saddened by the thought that if the Bill does pass, co-operation will not amount to anything; it will virtually be dead. The quotations I have read show, in my view, quite clearly, the ulterior motive of the railway union officials. Instead of our railway problem being eased, as we hoped it would be, it will be aggravated. The public are anxiously waiting to see what this House, and more particularly our Special Railway

Committee, will do, in the hope that some scheme may be found to reduce the heavy annual deficit, and thereby ease the burden of taxation.

I have expressed my own personal views, and, as I said a moment ago, if the occasion arises I shall vote against the Bill.

The Hon. the SPEAKER: Shall the motion carry?

Hon. RAOUL DANDURAND: As I shall be closing this debate, I would ask whether any other members desire to add anything to my honourable friend's statement.

Right Hon. Mr. MEIGHEN: By what right would the honourable gentleman close the debate?

Hon. Mr. DANDURAND: It is a Government Bill, and there is a motion before the House.

Right Hon. Mr. MEIGHEN: It is a motion by the right honourable senator from Eganville (Right Hon. Mr. Graham).

Hon. Mr. DANDURAND: True, but he has asked me to reply for him.

Right Hon. Mr. MEIGHEN: He cannot do that.

Hon. RAOUL DANDURAND: I desire to state the facts confronting us. We all know that since 1929 thousands upon thousands of railway men have been laid off. It is a stupendous total in relation to the two railway systems. Those men were laid off because of the sharp decline in railway business, rendering their services no longer necessary. Men of that class are not affected by this Bill. Tomorrow the Canadian Pacific or the Canadian National may feel the necessity of dismissing a certain number of men, hundreds or perhaps thousands, because of reduction in freight or passenger business, and those men would not be compensated under this measure.

But it was represented to the Hon. Minister of Transport that a special situation had arisen which deserved to be examined. It is that of employees who, because of the Act of 1933, instructing the two railways to come together and co-operate in order to effect economies, are losing their positions. This Bill covers only that class of men.

The principle of compensation for men displaced in the ordinary course of the business of the two railways is embodied in the Railway Act. By section 179, where any change is made by a railway company, railway employees who may suffer financial loss by change of residence, and so forth, are entitled to compensation. It is now sought to extend that principle in favour of men who are laid

off through the abandonment of lines or through pooling arrangements between the two railways, the compensation to be determined according to a certain scale as set out in the Bill. To my honourable friend who has just spoken (Hon. Mr. Ballantyne) this seems to be exceptional legislation.

On moving the second reading of the Bill I stated that the Canadian National could, of course, accept this legislation, inasmuch as the public treasury would be at the company's disposal if losses were incurred. I stated also that the Canadian Pacific Railway could well afford to accept this legislation, for Sir Edward Beatty had declared clearly to the employees of the Canadian Pacific, in a letter which I placed on Hansard, that he was ready to bind himself and his company to the granting of compensation to men who would lose their positions through unification. Last night we heard the Vice-President of the Canadian Pacific Railway, Mr. Coleman, who very sincerely said, "The Canadian Pacific is disposed to grant compensation to its men." That my honourable friend will admit, and I think he has even done so just now. Mr. Coleman said that the Canadian Pacific in its long career had never failed to do the right thing by its men. I drew his attention to the fact that since 1933, under the Canadian National-Canadian Pacific Act, men were laid off to the number of 169—I think the figure was mentioned—as a result of co-operation and pooling arrangements between the two railways, and that no compensation whatever was granted to them, notwithstanding the boast of the Canadian Pacific, as voiced by my honourable friend (Hon. Mr. Ballantyne), that the company took care of its men and gave them compensation. It has not done so under the Act of 1933, and it has so admitted.

Now, the President of the Canadian Pacific Railway having declared over his signature his readiness to bind himself not only by a special agreement between the men and the company, but by an Act of Parliament, as I think he said, to give compensation to men who would be laid off as a result of unification, I asked Mr. Coleman yesterday—I mention this because my honourable friend has alluded to what occurred in the committee—whether the Canadian Pacific Railway preferred to deal with its men respecting each case which presented itself or on a general plan. Mr. Coleman said, "We would have a plan of compensation for the men generally."

Now, here we are with a Bill that grants compensation to men who lose their positions through the action of the two companies in

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obeying the will of Parliament as expressed in the Act of 1933. I wonder if it does violence to the Canadian National or the Canadian Pacific. The only question that arises is whether the amounts granted these men are too heavy. As a matter of fact, men who are high up on the ladder may be allowed compensation for five years; but that compensation will cease if during the five years they are called back into service, for they must obey the call or else lose their compensation.

I shall not enter into the details of the agreement. It is less onerous than the agreement signed at Washington between the carriers and the employees. We were told it is even less onerous than the agreement between the British railways and their employees.

Hon. Mr. BALLANTYNE: But my honourable friend knows that so far as the Washington Agreement is concerned, it was voluntary, not statutory.

Hon. Mr. DANDURAND: Oh, but there is a board before which the two parties are brought.

Right Hon. Mr. MEIGHEN: And it stopped all co-operation.

Hon. Mr. DANDURAND: My right honourable friend says, "It stopped all co-operation."

Right Hon. Mr. MEIGHEN: Sure it did!

Hon. Mr. DANDURAND: I would draw the attention of the Chamber to the fact that the two railway companies agreed that these men should receive compensation. They agreed before us yesterday, and the Canadian Pacific agreed by the letter of Sir Edward Beatty. They did not express any doubt as to the effect on future co-operation.

Right Hon. Mr. MEIGHEN: Did the honourable gentleman say they had not expressed doubt as to the future?

Hon. Mr. DANDURAND: If my honourable friend will read the letter of Sir Edward Beatty he will find that he stated that if the employees of the Canadian Pacific would accept his scheme of unification—

Right Hon. Mr. MEIGHEN: Oh, unification! That is different.

Hon. Mr. DANDURAND: —they would be compensated by the Canadian Pacific for loss of their positions. And, remember, this means that at least 60 per cent—some have said 80 per cent—would be affected. These men, by the act of the Canadian Pacific Railway and the Canadian National Railways in

coming together under co-operation, will lose their positions, and I have asked in this Chamber why the Canadian Pacific, which is ready to declare that it will give compensation to employees who lose their jobs under unification, will not do so if the employees lose their jobs under co-operation. Last night the Canadian Pacific Railway did not take that stand. It said: "We are disposed to accept the idea of compensating the men, but we believe that the principle carried into this Bill may be difficult of application." As a matter of fact, the Canadian Pacific has declared that it is ready to give compensation to the men.

Hon. Mr. BALLANTYNE: I am sorry to interrupt my honourable friend so often, but I was present at the committee meeting last night also, and my hearing is pretty good. Mr. Coleman said he was not opposed to compensation, but that if it was made statutory he could not see how further co-operative measures could be carried out. Does the honourable gentleman recall that occurring?

Hon. Mr. DANDURAND: Well, I am not quite sure that the Vice-President of the Canadian Pacific Railway stated that co-operation would be difficult under this Bill—

Hon. Mr. BALLANTYNE: Oh, yes.

Hon. Mr. DANDURAND: Of course we can see, because we had shorthand writers present. I am sure, however, that he said the Canadian Pacific was favourable to compensating the men laid off under co-operation, that is to say, under the Bill which we were discussing. He thought it would be difficult of application, but he did not submit to the committee any modified plan which might be applied more easily.

Hon. Mr. CALDER: Except one.

Hon. Mr. DANDURAND: Except, perhaps, as to the general declaration that the Canadian Pacific, like the Canadian National, was disposed to give compensation to the men to be laid off under the Act of 1933. I think my honourable friend will find the statement was unqualified.

Now, the Senate can reject this Bill, but the situation will remain the same throughout the country. Sir Edward Beatty felt that he needed to give some assurance to the men who would be laid off. He knows very well, as all railway men do, that you cannot put through a scheme of general contraction on the two railways without laying off thousands of men, and in view of that situation he made his appeal to the employees.

We have heard my honourable friend (Hon. Mr. Ballantyne) say that union railwaymen

in various parts of Canada were opposed to unification and co-operation because they feared they would lose their jobs. Undoubtedly that is true. But last week I asked one of the labour leaders who appeared before us to state whether labour was opposed to co-operation and unification just because men might be laid off. I said, "If we provide for fair compensation, do you assert that the country should not lighten its burden by a reduction of expenditure?" He pondered for a moment and then said, "Oh, well, if there is compensation, that is different."

Well, we may go on without this Bill. The two railways may be asked to continue to co-operate. If the policy followed since 1933 is continued, men will be laid off without compensation. My honourable friends who know the situation between Montreal and Quebec know very well that the men laid off there because of the pooling arrangement went out without compensation. Those men are victims. The past is not taken into consideration in this Bill. We are thinking of the future, and if the two railways decide to make a considerable effort to reduce their expenditure, quite a number of men will be laid off. Under these circumstances I wonder whether it is not provident for the Parliament of Canada to say to the railways, "Part of the profits you will make out of co-operation with a view to reducing expenditure should go to the men who will suffer—the men who will be laid off as a result of that co-operation." Although theoretically it may appear, as my honourable friend has suggested, that for five years these men would be in receipt of the full amount of their salaries, my impression, based on my experience during our long inquiry into the situation of the two railways, is that by reason of attrition in the service a number of these men will be recalled, and the cost will to a certain extent be minimized.

I leave the matter in the hands of the Senate. The question is whether we will indicate some sort of compensation to the men who will suffer under schemes of co-operation, or whether we will leave them to their fate.

Hon. J. A. CALDER: Before the vote is taken, and merely for the purpose of keeping the record correct, I should like to say a word. My honourable friend referred to Mr. Coleman as making no suggestion with reference to this proposed measure. My recollection is that he made one very definite suggestion. He first of all pointed out the difficulties of operating under this law. He then said he had made the suggestion that when

the railways knew what the economies in connection with any co-operative measure would amount to, a certain percentage should be set aside, and that the men themselves should determine how it should be distributed.

Hon. Mr. DANDURAND: My honourable friend is absolutely right: that statement was made by Mr. Coleman. At the same time he said, though, in reply to a question from me, that he meant, not that an agreement between the men and the company would be based on each co-operative move, but that there would be a general agreement. I do not see how there could be an understanding as to the share that would fall to the employees in each particular case when a general agreement would be signed covering all cases.

The motion of Right Hon. Mr. Graham for concurrence in the report of the committee was agreed to.

THIRD READING

Hon. Mr. DANDURAND moved the third reading of the Bill, as amended.

The motion was agreed to on the following division:

CONTENTS

Honourable Senators

Aylesworth	Lambert
(Sir Allen)	Léger
Buchanan	L'Esperance
Calder	Little
Copp	Lynch-Staunton
Dandurand	MacArthur
Duff	Marshall
Farris	McDonald (Shediac)
Fauteux	McGuire
Graham	Morad
Green	Murdock
Haig	Quinn
Hardy	Raymond
Harmer	Robicheau
Hugessen	Sinclair
Hughes	Turgeon
King	Wilson
Lacasse	(Rockcliffe).—34.

NON-CONTENTS

Honourable Senators

Ballantyne	McMeans
Barnard	Meighen
Beaubien	Michener
Blondin	Mullins
Bourque	Paquet
Chapais (Sir Thomas)	Pope
Gillis	Rainville
Griesbach	Smith (Victoria-Carleton)
Laird	Smith (Wentworth)
Macdonald (Richmond-West Cape Breton)	Tanner
Macdonell	Taylor
Marcotte	White.—24.

The Bill, as amended, was read the third time, and passed.

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PENSION BILL

SECOND READING

Hon. J. H. KING moved the second reading of Bill 6, an Act to amend the Pension Act.

He said: Honourable senators, I should like to make a few remarks with regard to the proposed amendments to the Pension Act. The Bill does not introduce any new principle into the Act; it simply amends three features of the existing law.

The first amendment abolishes the Pension Appeal Court, which I think has been in existence since 1934, and the "quorums," composed of members of the present Canadian Pension Commission, and sets up appeal boards, each consisting of three members of the commission. These boards will hear evidence not only in Ottawa, but throughout Canada. The applicants' right of appeal and personal appearance will be preserved under the present amendment.

The following table shows the decrease in business coming before the Pension Appeal Court from January 1, 1934, to January 1, 1939:

	Submitted by	Appeals	Total
Jan. 1, 1934—			
Commission counsel		382	
Applicants		847	
			1,229
Jan. 1, 1935—			
Commission counsel and Crown		17	
Applicants		502	
			519
Jan. 1, 1936—			
Crown		27	
Applicants		762	
			789
Jan. 1, 1937—			
Crown		26	
Applicants		1,115	
			1,141
Jan. 1, 1938—			
Crown		8	
Applicants		363	
			371
Jan. 1, 1939—			
Crown		16	
Applicants		185	
			201

Hon. Mr. GRIESBACH: From what is my honourable friend quoting?

Hon. Mr. KING: From a memorandum given to me by the department.

Hon. Mr. GRIESBACH: I am looking at page 77 of the report of the Department of Pensions and National Health, where the figures are very different from those.

Hon. Mr. KING: For what year?

Hon. Mr. GRIESBACH: On that page there is a table of decisions rendered on appeals before the Pension Appeal Court during the fiscal year ending March 31, 1938. It shows that the number of those appeals, under various headings, was 2,363. In addition, decisions were rendered on applications in 205 cases.

Hon. Mr. KING: I think we must be at cross purposes. I am merely quoting from a table to show the decrease that there has been in the number of applications between the first of January, 1934, and the first of January of this year. The memorandum which I have before me shows that in 1934 commission counsel submitted 382 cases, and there were 847 cases from applicants, a total of 1,229. The next year commission counsel and the Crown submitted 17 cases—

Hon. Mr. GRIESBACH: Is the commission counsel the officer known as the reviewing officer? Would these be his cases?

Hon. Mr. KING: Yes.

Hon. Mr. GRIESBACH: They would be appeals entered by him with respect to decisions registered by quorums of the commission. But these figures do not pretend to be all the cases that came before the appeal court?

Hon. Mr. KING: I am speaking only of the appeal court, not the quorums.

Hon. Mr. GRIESBACH: The report sets out that 2,363 cases were adjudicated upon by the appeal court in the year ending March 31, 1938.

Hon. Mr. KING: There would be that number.

Hon. Mr. GRIESBACH: I think there must be a mistake of some kind, because my honourable friend and I have not the same figures at all.

Right Hon. Mr. MEIGHEN: How many cases did my honourable friend say had been submitted to the court this year?

Hon. Mr. KING: Up to the first of January, 1939, there were 201 cases.

Right Hon. Mr. MEIGHEN: From what time?

Hon. Mr. KING: January 1, 1938, to January 1, 1939. That is for the last year.

Right Hon. Mr. MEIGHEN: I thought my honourable friend had already said there were 384 cases in 1938.

Hon. Mr. KING: No; 371 cases in 1938; and 201 cases from January 1, 1938, to January 1, 1939.

Right Hon. Mr. MEIGHEN: That would be for 1938, then. I understood that the number of cases in 1938 was 384.

Hon. Mr. KING: No; it was 371, between January 1, 1937, and January 1, 1938.

Right Hon. Mr. MEIGHEN: That is for the year 1937. Then 200 for 1938?

Hon. Mr. KING: That is it. I think the total given by my honourable friend would be the number of cases dealt with by the appeal court from January, 1934, to January, 1938.

Right Hon. Mr. MEIGHEN: Would the honourable gentleman explain what he means by "cases." I notice the annual report for 1938 of the Pension Department gives, at page 77, the number of cases in 1938, not as 200, but as 2,363.

Hon. Mr. KING: I am advised that the figures my right honourable friend is reading represent cases pending before the court at the end of each of those years.

Right Hon. Mr. MEIGHEN: So there are 2,000 odd cases pending now?

Hon. Mr. KING: I suppose there would be.

Right Hon. Mr. MEIGHEN: A good time to abolish the court!

Hon. Mr. KING: I am giving the number of cases dealt with by the board from year to year.

Hon. Mr. DANDURAND: Disposed of.

Hon. Mr. KING: Yes, disposed of.

Right Hon. Mr. MEIGHEN: Two thousand cases are now pending, and you propose to abolish the commission!

Hon. Mr. KING: That is not my information. During the last five years the number of appeals in which the Crown was successful has been exceedingly small. For example, out of 2,516 favourable decisions of the quorums of the commission from December 31, 1934, to December 31, 1938, only 349 were appealed by the Crown, and only 85 decisions reversed. The Crown has not desired to lodge many appeals.

Under this Bill it is proposed to abolish the Pension Appeal Court and, as I have stated, to set up appeal boards of the commission, consisting of three members chosen from the present commission.

The annual cost of the Pension Appeal Court has been approximately \$45,000. In five years, as I have already stated, only 85 Crown appeals have been allowed by the court, involving an estimated annual saving of pension

liabilities of about \$30,500. It is felt that the proposed appeal boards will have better opportunities of carrying on this work than have been available to the present court and quorums.

This Bill was very fully discussed in the other House, and no disagreement was expressed with the proposal to abolish the appeal court; in fact I think it was unanimously accepted as likely to improve administration of the Act.

The Bill also deals with the dead-line in regard to the time for receiving applications. From time to time Parliament has seen fit to take such action. In 1933 a dead-line was set for men who served in the army, but not in the war zone. That dead-line will not be disturbed. In 1936 a dead-line was set for those who saw service in France and the other theatres of war; it was advanced again to 1940; it is now proposed to extend that dead-line to January 1, 1942. Some members of the other House contended that there should be no dead-line. Probably there will not be any, because Parliament will from time to time move that dead-line forward as the cases warrant. This Bill does not provide for the reopening of any applications heretofore disposed of by the court, other than to the extent set out in the Act, whereby, in special circumstances, leave to review an application may be granted.

The Bill also deals with widows' pensions. Under the present Act provision is made for widows whose husbands were in receipt of a pension of 80 per cent or more at the time of death attributable to war injuries. Some 9,000 widows are in receipt of pensions of \$60 a month. In 1930 legislation was passed giving the widow the benefit of the doubt in regard to the cause of death of her husband. Prior to that time proof had to be given that the soldier had died from his war injuries. In many cases it was difficult to say whether the soldier's death could be attributed directly to such injuries or was caused by some disease contracted before enlistment. To ensure that the benefit-of-the-doubt principle may be extended as far as possible, this Bill proposes to admit to the benefits of the Act all widows whose husbands were in receipt of a pension of 50 per cent or more at the time of death. It is estimated that 350 widows will benefit by this provision, but I am informed it will entail no increase of our present expenditure, for the widow simply takes the place of her husband. True, if we did not extend the pension benefits to those 350 widows there would be a corresponding amount saved. As I say, this Bill was discussed at considerable length in the other House. Members there

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suggested that in the case of the death of a soldier his widow should receive at least a year's pension, a principle adopted in the War Veterans' Allowance Act, but the Government would not accept the suggestion.

I believe the Bill should commend itself to this House. Mr. O'Connor, our Parliamentary Counsel, informs me that he has no amendments to offer. As this is a rather lengthy Bill and contains fairly extensive amendments to the Act, I would suggest that after second reading it be referred to the Standing Committee on Banking and Commerce. There representatives of the department may appear and answer any questions which honourable members interested in the legislation may desire to ask.

Right Hon. ARTHUR MEIGHEN: Honourable senators, I shall not discuss this measure at the present time, but I should like to ask the honourable gentleman whether he can tell the House what, year by year, during the past five or ten years, has been the charge for pensions, and what it was in 1919 or 1920. My information is that it has been steadily increasing year by year, whereas in Great Britain similar expenditure is less than half what it was. In fact, I am advised that, step by step, seeking to be popular, we are following the example of the United States, and we may still have a Pension Act in force a hundred years hence. I should like to get those figures, and also comparative figures for Great Britain.

Hon. Mr. KING: I shall be glad to have the figures prepared. I am informed that during the last two or three sessions our pension expenditure has not increased.

Right Hon. Mr. MEIGHEN: I am told it has.

Hon. Mr. KING: Allow me to explain. It is true that Parliament did pass what was known as the War Veterans' Allowance Act, which provides for an allowance to men who were in the front-line trenches and did not acquire pensionable disability. The payments under that Act are running into a considerable sum of money. That principle has since been accepted by New Zealand and Australia, and, I think, also by the United States.

Right Hon. Mr. MEIGHEN: It is just a difference in terms.

Hon. Mr. KING: No; it is not a pension. A pension is for disability.

Right Hon. Mr. MEIGHEN: It is a cash payment to returned men. I am not saying it is not right, but it differs from a pension only in name. It is pretty much like the

habit, which has become quite fashionable, of calling a new tax "excise" instead of "duty." For instance, a new tariff has recently been imposed on vegetable oils. It is called an excise tax, although no vegetable oil is made in this country.

Hon. Mr. KING: I will get the figures for my right honourable friend and submit them later.

Hon. W. A. GRIESBACH: Honourable members, as has been pointed out, this is quite a lengthy Bill, but a good deal of it consists of the necessary consequential amendments due to the abolition of the Pension Appeal Board.

Hon. Mr. KING: Right.

Hon. Mr. GRIESBACH: Notwithstanding the pacific tone of the honourable gentleman's speech, there has been a good deal of discussion about this court, and the Bill may be described as remedial legislation, that is, the righting of a wrong.

The figures read by the honourable gentleman are entirely at variance with the figures which I intend to use for the purpose of my argument. I am about to refer to page 77 of the Annual Report of the Pension Department for the year ending March 31, 1938. On that page will be found a report from the President of the Pension Appeal Court, giving the activities of the court for the past year. He deals with four classifications of cases: first, appeals from pension tribunal decisions, to the number of 94; second, appeals from the Canadian Pension Commission, to the number of 113; third, appeals from decisions of quorums of the commission, to the number of 2,078; fourth, appeals by the Crown from decisions of quorums of the commission, to the number of 78; making a total of 2,363 cases considered by the Pension Appeal Court for the year ended March 31, 1938.

Hon. Mr. COPP: That is one year.

Hon. Mr. GRIESBACH: Yes, one year. Then to those classifications are added:

Decisions Rendered on Applications	
That leave be granted to the Canadian Pension Commission to entertain a fresh application.. . . .	187
For leave to renew before the court applications for compassionate pension or allowance under section 21 of the Act.. . . .	18

The addition of those 205 cases to the cases I have already mentioned gives a grand total of 2,568.

Briefly, the record of the Pension Appeal Court is this: "We have considered 2,363 appeals, and we have given a decision in favour

of the applicant in 19 cases." That is the wrong which this Bill seeks to remedy.

Right Hon. Mr. MEIGHEN: Therefore abolish the board!

Hon. Mr. GRIESBACH: Undoubtedly the agitation is to abolish the court. I repeat, that is the wrong which this legislation seeks to remedy.

It is interesting to examine the situation further in order to ascertain whether there is a wrong to be remedied. Again I give the figures: 2,363 appeals heard and only 19 decisions rendered favourable to the applicant. Those who think that this is an outrageous state of affairs may be basing their opinion upon their general knowledge and experience of litigation in our law courts. My general recollection is that in our civil courts the decisions are about fifty-fifty; that is, in about half the cases either the original plaintiff or the original defendant is successful. The proportion may be sixty to forty. That would be my general impression as to the courts. Consequently, when you are confronted with this statement that of 2,363 applications only 19 were decided in favour of the applicant you at once assume that there is a wrong to be righted, and that the way to right it is to get rid of this court.

But civil litigation is not quite the same sort of thing. In civil litigation a man who has a grievance or complaint of some sort begins by consulting a lawyer. This lawyer will say to him, "You have a good case," or "You have no case," or "You have a doubtful case." In any event, the private litigant has to pay his lawyer. He knows that if he proceeds with the case he will have to pay his own lawyer, and that he may have to pay the lawyer for the other side as well. There is a close connection between that fact and the fact that in our civil court the favourable decisions are divided as between plaintiff and defendant on a basis of about fifty-fifty.

In the case of applications for pensions, the Government begin by stationing throughout the country pensions advocates who are paid by the Government. An applicant can apply to them, and it costs him nothing. I fancy that in the earlier days the advocates used to say to a man: "You have no case. You had better drop it." But they gave that up long ago. Now they simply take the instructions of the applicant and proceed to the end of the road, because if they were to advise him that he had no case it would not be long before the local soldier organization would be informed that this official was unsympathetic and not doing his job. So the pensions advocates paid by the Government simply take the case—I do not say there is no consultation—and make

an application to the Pension Commission. If the applicant is turned down by the commission he may then appeal to a travelling quorum of the board when it comes around. That again costs him nothing. If his claim for pension is rejected by the travelling quorum he may then proceed to the Pension Appeal Court without any expense to himself.

The Chief Pensions Advocate has put the statement on record somewhere or other that in the case of 75 per cent of the applications which come into their hands the pensions advocates knew from the very beginning that there was no hope of success. I did pension work free of charge in my part of the country for nearly nineteen years, and from an examination of the evidence I could tell pretty well what were the chances of succeeding. I was free to say to a man, "You have no chance at all," and he would accept my say-so. But applicants will not accept the say-so of the paid advocate. So it is possible to go to the highest court free of charge, which accounts for the fact that there are 2,363 cases before that court. If some Socialistic government were to bring in legislation providing that in civil litigation nobody would have to pay any costs, the judiciary would have to be increased one hundredfold, because everybody would be at law.

I think I have established that there is no wrong to be righted.

As to the 19 decisions in favour of the applicant, I do not know that they prove anything except that a favourable decision was made.

Now, there are some curious things that would seem to merit the attention of a committee. The Pension Commission here at Ottawa operates through two commissioners who are detailed to the job, and who sit here and examine the applications that come to them. If those two commissioners sitting here in Ottawa grant an application, a pension is thereupon issued, and there is no appeal. These two officers of the board rate the individual and assess what he shall receive. But if the decision of the Pension Commission is adverse to the applicant, and he appeals to a travelling quorum of the board, and that travelling quorum grants him a pension, then the Reviewing Officer may enter an appeal. When the pension is granted by the two pension commissioners he cannot enter an appeal, but when it is granted by a quorum he can. That is something I am not able to understand. In fact, I did not discover it until the other day.

Another curious thing is this. If the Crown appeals from a travelling quorum of the board to the appeal court, the appeal

court must be unanimous in rejecting the claim. In other words, if one member of the appeal court says, "I am in favour of granting the pension," his opinion overrides that of the remainder of the court. I was not aware of that until a few days ago.

Right Hon. Mr. MEIGHEN: If you win the support of one member, that is all you need.

Hon. Mr. GRIESBACH: Yes, that is all you need.

Now, the appeal court costs us \$40,000 a year. It may be said in its favour that it has assured a uniformity of decisions. If honourable members will carry their minds back to the old tribunals which were set up years ago, and which travelled about the country, they will remember that those tribunals inaugurated a perfect saturnalia of decisions that were not in uniformity with anything but the views of the individuals on the spot. I remember that one of the things I insisted upon was a uniformity of decisions from Vancouver to Halifax. As I say, this appeal court brought about a uniformity of decisions. In certain cases the appeal court has permitted new evidence favourable to the applicant. But the real value of this court, though it can never appear in any statute, will probably be understood by honourable gentlemen when I outline the situation.

The quorums travel about the country in twos. They occupy certain areas.

Right Hon. Mr. MEIGHEN: The quorums of the commission?

Hon. Mr. GRIESBACH: The quorums of the commission. They are all composed of ex-soldiers. They are splendid fellows and are welcomed wherever they go. They are approached in their hotel rooms under social conditions by individuals who want to get a pension either for themselves or for someone else. In the course of friendly conversation the matter is raised, and the commissioners are put on the spot. This court of appeal is very useful to the commissioner. It enables him to say: "My dear fellow, if I had the deciding of this matter everything would be all right, but this wretched appeal court has the final say. Not only that. Its members criticize my decisions and are quite nasty about some of my rulings; so I am not able to do this kindly thing for you, because these people are sitting over me and watching me." So, while the value of the appeal court cannot possibly be estimated in cash, in this rather roundabout fashion it has a real value which is known to anybody who has had anything to do with it.

Hon. Mr. GRIESBACH.

It must be borne in mind that the applications, before reaching the appeal court, have already been rejected by the Pension Commission and the quorum of the Pension Commission.

If this Bill passes, the appeal court disappears, and, so far as I can see, carries with it the Reviewing Officer. I may be wrong about that, but the provision for the appeal from the quorum to the appeal court is not repeated in the Bill, because a quorum no longer exists. I think the Reviewing Officer, representing the Crown, disappears, and he is the only one in the whole hierarchy who represents the Crown.

Hon. Mr. KING: I rather think he remains.

Hon. Mr. GRIESBACH: When we get to committee we can have someone before us who is able to speak about that. It seems to me that he disappears altogether.

Now, under this legislation it is proposed that a new court shall be established, and that the personnel of that court shall be composed of three members of the present Pension Commission. The present Pension Commission consists of nine members, two of whom are on duty here in Ottawa representing the commission, and the others are more or less on circuit as travelling quorums of the board. If you are going to take three members of the Pension Commission and appoint them officers of a separate court and send them travelling around the country, you are going to have the greatest difficulty in avoiding the presence upon that appeal court of a commissioner who has previously dealt with a case in the earlier stages.

Hon. Mr. KING: It is provided that he cannot act on the board.

Hon. Mr. GRIESBACH: He can act with the consent of the applicant, which is a rather curious provision. But it might happen again and again, as an appeal court came around, that a particular individual could not have his case heard because one or another of the members of the court had heard his case at some earlier stage, before either the Pension Commission or the quorum.

Hon. Mr. KING: Of course, the Minister has power under the Act to nominate others.

Hon. Mr. GRIESBACH: Oh, yes. But I suggest that the situation can be met only by the appointment of three new commissioners. That will be the solution. The \$40,000 which might have been saved will be pretty well eaten up in payments to the three new commissioners, who may not know very much about this work; but if you do not

appoint them there will be delay and you will prejudice the interests of the ex-service men in getting a trial at all.

The demand for the treatment of this court in this fashion is rather curious. From information that has reached me, and from my general knowledge, I think I can assert that there is no demand for the destruction of this court from thoughtful and responsible ex-service men. This court was recommended, I think, by the committee of 1930.

Hon. Mr. KING: It came into being in 1933.

Hon. Mr. GRIESBACH: The legislation was passed in 1933, and since that time the leaders of our ex-service organizations have passed judgment upon this court; and up to a year or so ago they said it was a good court and was doing a good job of work. It must not be assumed that ex-service men as a body are not interested in this question. It is true that they want pensions for men who deserve them. It is equally true they are as keen as anybody else to see that pensions are properly granted according to law, and that the resulting burden is made as light as possible. This court came into existence at the request of ex-service men after other systems had been tried, and the best and most responsible men do not want to be represented as coming before this Parliament every two or three years to demand a new deal of some sort. So I say the demand for the destruction of this court and for the new plan is not well founded, and is not based on a body of opinion that is worthy of very serious consideration. For this reason I shall vote against that part of the Bill which undertakes to destroy this court.

Now I come to another part of the Bill, which has to do with bringing into the pension field, under certain conditions which I shall explain, a group of widows. Under the law as it now exists, a widow is not entitled to a pension unless she can prove that her pensioned husband died of his pensionable disability. That is the rule. The husband, a pensioner, must have died of a pensionable disability if his widow is to be entitled to pension, and she must have married him prior to 1930. The exception to the rule is the pensioner who was pensioned at from 80 to 100 per cent disability. I forget which way the classifications run.

Hon. Mr. KING: From 80 to 100 per cent.

Hon. Mr. GRIESBACH: If a man pensioned at 80 to 100 per cent dies, it is presumed by the law that he died of his pensionable disability, and his widow is thereupon entitled to pension.

Right Hon. Mr. MEIGHEN: If she married him before 1930.

Hon. Mr. GRIESBACH: If she married before 1930.

Hon. Mr. KING: That was an innovation in 1933.

Hon. Mr. GRIESBACH: I think that principle is very old; but its age does not make any difference—it is there. The reason behind that provision was that in ninety-nine cases out of one hundred the man pensioned in those classifications from 80 to 100 per cent was mentally or physically incapable of making a living for himself. He was not able to take care of himself; he was not able to escape common colds or any disease that became prevalent; he was not able even to get out of the way of a motor-car. So if an 80 to 100 per cent pensioner died, the presumption was that the cause of death was his pensionable disability, and his widow got a pension. The widow's pension was \$60 a month with respect to all classes of pensioners up to the rank of lieutenant.

Right Hon. Mr. MEIGHEN: And above that, more?

Hon. Mr. GRIESBACH: Above that the widow's pension keeps pace with the pay of her late husband. Of course, the proportion of cases above that rank would not be more than two per cent. The complete officer personnel is about two and one-half per cent of the total number of men in an army.

This Bill proposes to bring widows of men with a 50 to 79 per cent pension into the same class as widows of men with an 80 to 100 per cent pension. In other words, under this Bill it will be assumed that the death of a veteran with a 50 per cent pension is due to his pensionable disability. I am told that the actual evidence before the authorities does not begin to support that assumption. A number of honourable members who have given some thought to this matter have assured me they intend to vote against the Bill. I thought it might be possible to reach a compromise, for we know that in the hard times through which we have passed there were many men and their wives living on \$50 a month.

Supporters of this Bill will find it pretty difficult to defend the provision whereby, after the death of a man receiving a pension of 50 per cent, which would be \$50 a month for himself and his wife, his widow would receive \$60 a month.

Hon. Mr. KING: Yes.

Hon. Mr. GRIESBACH:

Hon. Mr. GRIESBACH: In other words, the widow would get more for herself alone than had been received by herself and her husband during his lifetime.

Hon. Mr. KING: Yes.

Hon. Mr. LACASSE: An inducement to commit murder.

Hon. Mr. GRIESBACH: And if a pensioner and his wife were getting \$80 a month, after his death the widow gets \$60. That is more than half of the payment for the two persons. Under the War Veterans' Allowance Act the pension is cut in half for the widow, and there is no objection to that.

Hon. Mr. KING: That is a different thing altogether.

Hon. Mr. GRIESBACH: Under this Bill, the widow of a man who dies while receiving a 50 per cent pension, that is \$50 a month, would be paid \$60 a month. The widow of a 60 per cent pensioner would get the same amount, as would the widow of a man who while living drew a pension of \$79 a month. Actual records show that the proportion of men who die from their pensionable disabilities is by no means as high in the class receiving pensions of from 50 to 79 per cent as in the 80 to 100 per cent class.

Right Hon. Mr. MEIGHEN: But in either of those groups, if death occurs from pensionable disability, the widow becomes entitled?

Hon. Mr. GRIESBACH: Yes.

Right Hon. Mr. MEIGHEN: What more can you expect than that?

Hon. Mr. GRIESBACH: But my right honourable friend does not understand.

Right Hon. Mr. MEIGHEN: I think I do.

Hon. Mr. GRIESBACH: Under this Bill it would be presumed that the death of a man in the 50 to 79 per cent class was due to his pensionable disability. But upon the death of a man who was drawing a pension of less than 50 per cent, his widow, in order to become entitled, would have to prove that he died from a pensionable disability.

Right Hon. Mr. MEIGHEN: I thoroughly understand the matter as my honourable friend is explaining it. I never understood it before.

Hon. Mr. GRIESBACH: When we go into committee I should like honourable members to consider a compromise.

Right Hon. Mr. MEIGHEN: You have made so strong a case that I do not see how any compromise could be considered.

Hon. Mr. GRIESBACH: Oh, yes. In discussing this matter with some honourable members I have suggested that the Bill be amended to provide that when a veteran in the 50 to 79 per cent class dies from pensionable disability his widow shall receive half the amount that was being paid him during the last three years of his life. That would be less than \$60 to the widow in every case. And I think it might be well to insert a clause requiring proof of need.

Hon. Mr. LACASSE: Why do you say the last three years?

Hon. Mr. GRIESBACH: In any pension legislation that I know of, the computation is made with respect to the average income for the last three years. The basis for computation in our superannuation systems is the average salary for the last three years. Under this measure, though, the term could be the last ten years, if honourable members desired; or no term at all need be specified.

Hon. Mr. DANDURAND: It is generally the last five years.

Hon. Mr. GRIESBACH: My understanding is that it is generally three years. As I say, I think the Bill should require that need should be established as well.

In my opinion it would be a great mistake to abolish the Pension Appeal Court. I think the honourable gentleman who sponsored the Bill (Hon. Mr. King) should re-examine the figures he quoted, because they do not agree with those contained in the department's annual report, to which I referred.

I should like to see the Bill sent to the Banking and Commerce Committee, where evidence could be heard and the whole matter argued out.

Hon. Mr. KING: I take it that in committee the honourable gentleman will move amendments.

Hon. Mr. GRIESBACH: I am quite prepared to move an amendment striking out the clause which would abolish the Pension Appeal Court. I also would invite the committee to consider the other points I have raised.

Right Hon. Mr. MEIGHEN: Surely the sponsor of the Bill (Hon. Mr. King) does not intend us to understand that it will not increase our pension expenditures.

Hon. Mr. KING: I am informed that a saving will be made through abolition of the appeal court. Of course, where a pensioner has been getting \$50 and his widow is given \$60, there will be an increase.

Right Hon. Mr. MEIGHEN: I have entirely misunderstood the Bill if it would not result in a gigantic increase.

Hon. Mr. KING: I am informed not. As I have said, there would be an increase in those cases where widows are paid more than their late husbands received. But where no pension is granted to the widow of a pensioner, there will be a saving.

I think my honourable friend from Edmonton (Hon. Mr. Griesbach) will have difficulty in justifying the payment of \$60 to the widow of a pensioner of 80 per cent disability and a smaller sum to the widow of a pensioner of 50 per cent disability.

Right Hon. Mr. MEIGHEN: Why so? It would be no more difficult to justify than paying one soldier for an 80 per cent disability and another for a 20 per cent disability.

Hon. Mr. KING: No, no.

Right Hon. Mr. MEIGHEN: Is our liability to the widow of a soldier who had a 10 per cent disability the same as our liability to a widow whose husband's disability was 100 per cent?

Hon. Mr. KING: Certainly.

Right Hon. Mr. MEIGHEN: Then we have the same liability to the widow of a soldier who had no disability.

Hon. Mr. KING: Yes. We have not recognized that principle, but we may do so some day.

Right Hon. Mr. MEIGHEN: I fear that if my honourable friend gets in charge, we shall. I do not know where we are going to end, and I see very little hope of checking expenditures. We are simply drifting down the easy road. There is no business-like grasp of our expenditure problem at all; not the slightest. I do not know how we expect ever to take care of unemployment, to help bring about conditions under which more people can get work.

The case presented by my honourable friend from Edmonton (Hon. Mr. Griesbach) made this subject clear to me for the first time in a long period. I presume the whole thing will go through. It always does.

Hon. Mr. DANDURAND: My honourable friend is not challenging the second reading?

Right Hon. Mr. MEIGHEN: For quite a while I have not seen much use in challenging anything.

Hon. Mr. DANDURAND: It is suggested that the Bill be referred to the Banking and Commerce Committee, where the necessary information would be available. My honourable friend from Kootenay East (Hon. Mr. King) states he will be able to explain and defend various clauses of the Bill there, and I am confident that he will do so.

I confess that I have never been enthusiastic over receiving pension bills from the House of Commons after the first two sessions of Parliament. As I have previously stated in this House, I once suggested to the Right Honourable Mr. Bennett that we should agree to have no pension bills introduced after the second session of any Parliament, for obvious reasons.

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

REFERRED TO COMMITTEE

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

The motion was agreed to.

WHEAT CO-OPERATIVE MARKETING BILL

SECOND READING

Hon. DUNCAN McL. MARSHALL moved the second reading of Bill 82, an Act to Encourage the Co-operative Marketing of Wheat.

Hon. Mr. HAIG: Is the honourable gentleman not going to explain the Bill?

Hon. Mr. MARSHALL: Of course.

Hon. Mr. HAIG: I have some objection to it.

Hon. Mr. MARSHALL: Honourable senators, I do not intend to take up very much time in explaining this Bill or in talking about it, because it simply embodies only one or two principles, besides providing a method for the more or less orderly marketing of wheat, which perhaps concerns Western Canada more than any other part of the country.

When the Bill was introduced the right honourable leader on the other side (Right Hon. Mr. Meighen) said there might be some question of our constitutional power to pass such a measure. I questioned the law officers of the Crown about this aspect, and their reply was the same as when I asked some time ago for their opinion on the Grain Futures Bill, which opinion is on Hansard. I also discussed the matter with our Parliamentary Counsel. He says that, as he views the

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British North America Act, this measure comes within the jurisdiction of Parliament, but that if a finding were given in accordance with the decision handed down on the Natural Products Marketing Act, which was passed by a former Government, the measure would probably be held ultra vires. I cannot see how a deliberative assembly like this could decide on the constitutionality of such a Bill, because in order to do so it would be necessary to make up our minds on the basis of arguments which would not be very clear to a great many of us. However, I doubt if anybody is going to question whether or not this Bill is constitutional. That may not be a very good position from a legal point of view, but from Western Canada's present point of view it is good common sense. We have a lot of legislation affecting the marketing and handling of wheat that is vital to Western Canada, and particularly to the three Prairie Provinces. If it were all abolished we should certainly be in a very bad way.

The purpose of this Bill is to give Western Canada farmers, elevator companies and other organizations that are interested in the marketing of wheat a guarantee to some extent against loss. There is no doubt that the marketing of the products of any producer is the most important feature of his business. It is a comparatively easy thing for factories to turn out goods; it is when they cannot sell them promptly that they get into difficulties. The selling of farm produce presents the greatest problems of all. The producers are for the most part operating on a small scale, and because of the circumstances in which they carry on their business they are incapable of doing their own marketing. I have no doubt that the man engaged in mixed farming can best market his products right on his own farm. Most of the successful producers who are engaged in mixed farming on a small scale in Ontario have done their own marketing at home.

But wheat is an entirely different thing. A Western Canada farmer who lives some distance from a railway may not have enough wheat to fill a car, and if there is no Government wheat board or pool or other organization to which he can deliver his wheat he is under the necessity of selling at the street price. And I need not tell anybody who knows anything about selling wheat what the street price means. To put it briefly, the farmer in that position gets three or four cents a bushel less. It was that sort of thing which was responsible for the organization of the wheat pool in Western Canada. I listened to Mr. Aaron Shapiro at the first meeting he held out there. One had only to look at the

people in his audience to see that he could do just about as he liked with the business. They had suffered for a long time by being trimmed in one way and another on the products that they had to sell. So that organization looked good to them. It worked well for a time. As long as there was a rising market there was no trouble about pool marketing. But the difficulty in this as in every other business is that there must be a capable manager at the head of it. I am not placing blame on any particular person or group of persons for the failure of the pool. The price of wheat continued to rise for a few years after the pool was started, and they thought, just as we are all prone to think, there never would be a poor day, and the price would continue to go up. When the price began to go down, I remember a prominent man connected with the pool saying that he was sitting on his bag of wheat. Well, he would have to sit on it a long time before he would have hatched out anything like the price he would have got had he sold it right then. The price went down until the pool found itself about \$24,000,000 in debt.

There never has been any doubt in my mind that Mr. Bennett did a good thing when he got Mr. McFarland to take charge of the wheat business.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. MARSHALL: He was skilled in a business that he had long practised. He had made handsome profits for himself and his associates in the handling of wheat in his elevators throughout Western Canada. As a matter of fact, it would have been difficult to find anybody better equipped for the job. I think the then Prime Minister recognized that what was most needed was a man who understood the selling of wheat and could handle the situation.

This year the wheat is being marketed by the Grain Board. There are suggestions that there may be a loss running up to more than \$40,000,000. If that is the case, then at the end of this crop year we shall find ourselves in about the same position that those in the pool found themselves in, for that is too heavy a loss to bear, year after year, in marketing wheat in that fashion.

As a result, the wheat producers, the elevator owners and others interested in this business in Western Canada will have to organize in order to handle their own business. I think it will be much better if they organize small pools. As a matter of fact, the wheat pool now is just an elevator company. It owns about 1,647 elevators in Western Canada. It is probably at the present time the

largest owner of elevators in the West. But there are large numbers of other companies who have built elevators to handle grain.

The purpose of this Bill is to enable elevator companies and farmers in groups to organize what is virtually a marketing association. It is called a co-operative association, but we all know that most of the co-operative associations we have in Canada—there are hundreds of them in operation at the present time; in fact the list is surprisingly long—I say most of those co-operative associations are joint stock companies in which the stockholders hold small shares of stock. Nearly all our cheese factories in Ontario are called co-operative cheese factories, but they are joint stock companies in which the farmer takes a little stock, for which probably he pays \$10 down and the balance out of the cheques he receives for his milk delivered to the factory. Those stockholders have a meeting every year to engage their cheese manufacturer, who is paid a certain percentage on the cheese he manufactures. A good many creameries are also run along similar lines.

Under this Bill the Government will protect these wheat organizations against loss, provided the payments made are based on a 60-cent price at Fort William for No. 1 Northern wheat, with variations for other grades, less storage charges and operating costs. It means that the farmer on delivery of his wheat would get an advance payment based on that 60 cents. This is highly important to farmers in Western Canada, since unfortunately many of them have only one crop—wheat. They have store bills and other payments to make, and they must have money. Private elevator companies have been buying wheat over a long period of years and advancing small sums of money, and larger sums, of course, when the price is higher. This Bill will enable the wheat producer in the pool to get an initial payment on the basis of 60 cents, and participation certificates which will entitle him to all his wheat brings, less the expenses of handling and shipping.

I know the farmers will be slow in forming the organizations I have described. Honourable members will observe that the Bill does not come into force until a date to be fixed by proclamation, the reason being that as long as the Grain Board is operating, as at present, it would perhaps be useless to put this measure into effect. But we have to take the long view of the situation, and must do everything we can to put the wheat growers in Western Canada in a position to carry on their business in their own fashion, and so get a reasonable price for their wheat instead of having to sacrifice it at the street price.

The figure of 60 cents has been fixed as the price, because during the last forty or fifty years wheat has only once dropped lower than 60 cents at Fort William. No co-operative association could pay what we hope will be the full value of the wheat, because if it did it would find itself in just the same position as the pool when wheat took a tumble.

As I have said before in this House, Western Canada will continue to grow wheat. True it is developing the dairy industry and cattle production, but a great deal of the prairie is well adapted to grow wheat except when there is a lack of rain. Unfortunately we cannot do anything to remedy that handicap. We do know, however, that when it did rain the farmers in those districts grew wheat in abundance.

This Bill will lay the foundation for co-operation between the wheat producers and the marketing agencies—for that, after all, is what the elevator companies are—in order that they may carry on the marketing of wheat as effectively as they can in Western Canada.

Co-operation at times makes great strides in our country, but very often when prices rise co-operation goes to pieces. But we cannot change human nature. It has been suggested that this Bill should be made compulsory. I disagree with that view entirely. It must be on a voluntary basis. I do not think there should be any compulsion in respect to the marketing of wheat, though the principle may very well be applied to the distribution in cities of milk and other perishable products.

It will be remembered by many honourable senators that when Mr. Bennett's Government introduced a bill to establish a wheat board it contained a compulsory clause, but this was afterwards deleted because it was felt it would arouse very strong opposition among our wheat producers. Naturally, they would desire to have a free hand in selling their wheat, though, as a matter of fact, under the wheat board appointed by that Government they should be able to get full value for their product.

I am afraid, however, that this year the producers are going to get substantially more. I am bound to say I do not think anyone either in Eastern or in Western Canada begrudges what it will cost this year to pay 80 cents a bushel for wheat. I believe the majority of Canadians feel that the people of the West have suffered as only people can suffer who live where no rain falls and the soil is swept away in dust storms. Many honourable members have been in the West and have seen just what can happen to some of the

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farms in the drought districts. Such a condition is not only ruinous to the people; it breaks their hearts. So if the guaranteed price for wheat this year helps to some extent to put the Western farmer on his feet, I believe the whole Dominion will be glad, in spite of the fact that it does cost so much money.

I commend this Bill to the support of honourable members, for it will enable our wheat growers and the selling agencies in Western Canada to market their product in a reasonable and effective fashion.

I move the second reading of the Bill.

Hon. JOHN T. HAIG: Section 2 defines "elevator company." Do I understand that this covers co-operative as well as private elevator companies?

Hon. Mr. MARSHALL: The Bill covers any elevator company, private or co-operative.

Hon. Mr. HAIG: Suppose I am the owner of one elevator at Reston, Manitoba. Do I come under this Bill?

Hon. Mr. MARSHALL: You can by organizing with a group of wheat growers and with other elevators, if you wish.

Hon. Mr. HAIG: Supposing I own 120 elevators, and am the Reliance Grain Company, do I come under this Bill?

Hon. Mr. MARSHALL: Yes.

Hon. Mr. HAIG: That is what I object to. If you own 120 elevators you come under this Bill; if you own only 119 you do not.

Hon. Mr. MARSHALL: Oh, yes.

Hon. Mr. HAIG: If your answers to me are correct, my statement is correct. "Elevator company" is defined as a company that owns 120 elevators.

Hon. Mr. FARRIS: No; "one hundred or more."

Hon. Mr. HAIG: Take 99 elevators, then. If my company owns 99 elevators, I do not come under this Bill.

Hon. Mr. KING: You would have to build another elevator.

Hon. Mr. HAIG: I have protests from a good many elevator companies owning five, six, ten or twelve elevators scattered over that country. A man may own an elevator in this town, and another man an elevator in another town, and they ship their grain to one terminal elevator. This Bill does not cover them at all, and there are twenty such companies engaged in the grain trade in Western Canada. I want the definition changed so as to include all elevator companies.

My honourable friend dealt at length with the encouragement of co-operatives. If all you want to do is to encourage the co-operatives, you should strike out the whole of paragraph (d) of section 2, and the words "or one or more elevator companies" and so on, from paragraph (i). In other words, all elevator companies should be included.

I do not know whether honourable members understand what this Bill is really doing. Anybody who has farmed in Western Canada knows that if a man has two or three carloads of wheat in the fall, he takes it to the elevator company, where it is graded. It may be that he needs some money to enable him to carry on his business. In that case he does not want to sell the grain, but wants to get an advance. In former years the elevator company went to the bank and borrowed the money and made the advance. The difficulty came when the grain was sold at less than 60 cents. Under this Bill the Government make up the difference. Therefore it is of advantage to any elevator company to come under it, for then, provided the advance does not exceed 60 cents No. 1, Fort William, the company is perfectly safe.

My honourable friend from Peel (Hon. Mr. Marshall) says that this is to help the co-operatives. On the other hand, it discourages all the little fellows, for only the man with a hundred elevators can carry on. I have received protests against this Bill, but I am not going to read them. Protests were sent also to the Prime Minister and a number of others. All I will say about those which were sent to the Prime Minister is that they were acknowledged. If this Bill goes through, the smaller elevator companies will find it difficult to operate in competition with the larger elevator companies. I do not know what can be the object of the provision with respect to the one hundred elevators or more in paragraph (d), unless it is to kill off the little fellows, which it certainly will do. I presume the Bill is going to committee.

Right Hon. Mr. MEIGHEN: Does it provide for compensation or pension?

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

Right Hon. Mr. MEIGHEN: That will come before the next election.

Hon. Mr. HAIG: Paragraph (d) of section 2 defines an elevator company. It says:

"elevator company" means an incorporated company or association of incorporated companies which operates or controls one hundred or more country elevators in the provinces of Manitoba, Saskatchewan, Alberta or British Columbia.

Paragraph (i) defines a selling agency. It says:

"selling agency" means a person authorized by one or more co-operative associations—

I am agreeable to that.

—or one or more elevator companies or one or more co-operative associations and elevator companies to market wheat under one or more co-operative plans.

Under section 3 a selling agency can be absolutely safe in advancing 60 cents, Fort William, because if it gets less than that figure on the sale, the Government make up the difference.

All I want is to have the Bill go to committee, so that it can be amended. There is no reason why it should not be amended. All the grain is graded at Fort William or Vancouver, under Government supervision. There are at present in Winnipeg twenty elevators, which are licensed by the department, and I know there are dozens of others scattered all over Manitoba. For instance, there is the Forsythe Elevator Company near High Bluff. It will be known to my right honourable friend (Right Hon. Mr. Meighen). Andy Forsythe has five or six elevators. Tom Lytle has one elevator. These people all combine at one terminal, and the terminal company tells me it represents a number of elevator people scattered all over the Western Provinces who have each but a single elevator. These people, I am told, will be put out of business. I presume the Bill is going to committee.

Hon. Mr. DANDURAND: Has my honourable friend read the debate in the other House? Has this point been presented to the Minister?

Hon. Mr. HAIG: I do not know. I got this letter on the 26th of April. Afterwards I read the Bill over, and in my opinion the statement in the letter is correct. The Prime Minister acknowledged the letter on the 22nd of April.

Hon. Mr. DANDURAND: Surely there are several Western members in the House of Commons.

Hon. Mr. HAIG: Yes. But I come from the city of Winnipeg, where the elevator companies are located, and I have reason to believe that the little fellow who owns two or three small elevators scattered over the province would not know about this Bill at all. It was called to my attention by a terminal elevator.

Hon. Mr. MARSHALL: May I interrupt the honourable gentleman for a moment?

Hon. Mr. HAIG: Certainly.

Hon. Mr. MARSHALL: It would seem to me that this does not mean that where there is a group of small elevators one fellow might be shut out. This co-operative plan will be organized only when there are one hundred elevators. The Bill says:

"elevator company" means an incorporated company or association of incorporated companies which operates or controls one hundred or more elevators.

It would be scarcely worth while to organize an association unless there were one hundred elevators.

Hon. Mr. HAIG: My honourable friend does not understand my point. It has to do with the advancing of money by the company to an amount in excess of what it could get from the bank. No one would dare to advance 60 cents to-day, because the market price the other day was 62 cents, and it might go down. The highest proportion ever advanced in the old days was about 75 per cent of the Fort William price. If the price at Fort William were \$1, the advance to the farmer would be 75 cents. During the last twenty years the advance has been less than that, because of the greater fluctuation in the market and the lack of protection.

Hon. Mr. MARSHALL: But there must be one hundred elevators.

Hon. Mr. HAIG: That is what I do not want, because the fellow with a hundred elevators can squeeze the little fellow. That is clear.

Hon. Mr. MARSHALL: This is not a very proper way of discussing these things.

Hon. Mr. HAIG: My honourable friend is "discussing." I am not. I am trying to debate the issue. My honourable friend had a chance of speaking, and I was prevented from asking him a question. Otherwise I would have raised this point, and my honourable friend could have answered it.

However, I shall be satisfied if the Bill goes to committee, provided that officials of the department are brought there who will give me an assurance that the single-elevator man is protected.

Hon. Mr. BUCHANAN: There is in southern Alberta a milling company which has probably six or eight elevators on Canadian Pacific Railway lines. Does the honourable gentleman maintain that that company would not come under this Bill?

Hon. Mr. HAIG: No, it would not come under it.

Hon. Mr. HAIG.

Hon. Mr. SINCLAIR: May I ask the honourable gentleman if it would not come under the definition of a selling agency?

Hon. Mr. HAIG: No. Under paragraph (i) a selling agency—

—means a person authorized by one or more co-operative associations or one or more elevator companies or one or more co-operative associations and elevator companies to market wheat under one or more co-operative plans.

Elevator companies are defined in paragraph (d). Therefore the definition of an elevator company will apply to the selling agency, and the elevator companies are the only ones who can get the advance from the Government.

All I want is a promise that the Bill will go to committee, and if the Department of Agriculture can show me that I am wrong in my understanding, well and good. If not, I suggest that we should amend the Bill so that the single-elevator fellows will have an equal opportunity with the hundred-elevator fellows.

Right Hon. ARTHUR MEIGHEN: Honourable members, apart from the constitutional feature, I am not quite clear what the program is. This is a Bill to assist and encourage the co-operative marketing of wheat. There is also a Bill to assist and encourage the co-operative marketing of agricultural products. If I understood correctly what the sponsor of the Bill said, he intimated that there was another Bill fixing a price for wheat. Was I wrong in that?

Hon. Mr. MARSHALL: I just mentioned Mr. Euler's Bill, which is now in the Commons.

Right Hon. Mr. MEIGHEN: What does it do? If it fixes a price for wheat, what is to be the effect of it on the consideration of this Bill, which clearly contemplates that the farmer will get what the wheat brings, subject only to the minimum of 60 cents?

Hon. Mr. MARSHALL: The other Bill is not here yet, but it has been discussed in the Commons. I have listened to some of the discussion there. It fixes the price of wheat at 70 cents for the next wheat year. Under this Bill companies will be organized, provided the price of wheat goes up. If it does not, it will probably not be worth their while to organize.

Right Hon. Mr. MEIGHEN: I do not understand yet. Why would anybody advance 60 cents under this Bill? What is the object of advancing 60 cents to the farmer and telling him he will be sure to get that anyway, if there is another Bill which says he is really going to get 70 cents?

Hon. Mr. HAIG: I think I can clear up that point. Under this Bill there is an advance of 60 cents. If the wheat brings 80 cents when it is sold on the world's market, the farmer will get the benefit. Under the other Bill there is a straight payment of 70 cents.

Right Hon. Mr. MEIGHEN: In other words, the Government intend to buy wheat at 70 cents, and if the price goes higher the difference will go to the treasury?

Hon. Mr. HAIG: It will go to the pool. This Bill will not come into operation at all if the other Bill goes into effect.

Right Hon. Mr. MEIGHEN: Oh, now I see. Things are clearing. We may be wasting our time and brains on this Bill—and I fancy we are—because a Bill which gives 70 cents will pass the other House much more easily than one which gives only 60 cents. I think my honourable friend from Peel (Hon. Mr. Marshall) has been put in charge of a very worthless expedition. What is the sense of our considering this Bill if the passage of another Bill which is coming from the same Government wipes out this one? I was troubled. I could not figure it out. When this Bill came down and 60 cents was mentioned, we heard a lot of thunder and saw a lot of lightning in the western sky. I knew it would have its effect, because I know the Government.

Hon. Mr. DANDURAND: The honourable gentleman has been there himself.

Right Hon. Mr. MEIGHEN: Yes, but I know the Government. I have heard the thunder and have been struck by the lightning, but I have stood my ground. I never knew this Government to stand their ground on anything. Just as soon as they see a few more votes are to be got with payments out of the treasury, they make the payments.

Hon. Mr. DANDURAND: That is an easy statement to make.

Right Hon. Mr. MEIGHEN: And it is an easy course to follow. But I know where it is leading. We are going to have a bill which provides for 70-cent wheat; so I see no use in considering this one any further.

Hon. Mr. DANDURAND: I think—my right honourable friend may correct me if I am wrong—that the principle of fixing a price for wheat was adopted by himself, or his Government. And the price was then fixed at 87½ cents. Now we are down to 70 cents. However, that is by the way.

Right Hon. Mr. MEIGHEN: No, that cannot be pinned on me. That was done before I came into this House.

Hon. Mr. DANDURAND: I think my right honourable friend should take responsibility also for what was done a few months before he came in.

Right Hon. Mr. MEIGHEN: No. I will take responsibility for anything I do, but not for something that was done when I was a private citizen of Canada.

Hon. Mr. DANDURAND: I confess that I know far less than my right honourable friend about the operations of this Bill.

Right Hon. Mr. MEIGHEN: It will never be put into operation at all.

Hon. Mr. DANDURAND: I listened to the explanation given by my honourable friend from Peel (Hon. Mr. Marshall), and by using the little common sense which I possess I was able to understand him. I looked at the explanatory note to see if it contained anything in addition to what was pointed out by my honourable friend. It reads this way:

The purpose of this Bill is primarily to assure that selling agencies marketing wheat on the co-operative plan for co-operative associations or elevator companies and who make an initial payment contingent upon the sale price for the various grades of wheat at Fort William shall, under certain conditions, suffer no loss. The Bill proposes that co-operative associations or elevator companies who desire to avail themselves of the provisions of the Act shall create a selling agency and enter into an agreement with the Government. This agreement is to provide, amongst other things, that if the average sale price for No. 1 Northern, basis in store Fort William, is less than sixty cents per bushel, with variations for other grades, and if the initial payment, together with storage charges and operating costs, does not exceed sixty cents, but does exceed such average sale price, the Government will pay to the selling agency the difference between the average sale price and the total expenditures on account of initial payment, storage charges and operating costs.

Authority is vested in the Minister, with the approval of the Governor in Council, to make regulations respecting the provisions that shall be included in any such agreement and in particular with regard to the variations in the initial payments necessitated by the various grades of wheat and the establishment of a reserve fund.

If I am not mistaken, this means that if there is a loss because of the advance of 60 cents a bushel, the Government will make good the loss. If the price goes above 60 cents, there will be no loss to the Government.

Hon. HENRY A. MULLINS: Honourable senators, I should like to ask the honourable gentleman from Peel (Hon. Mr. Marshall) how many co-operative societies he has known

of in Western Canada that have been successful. While he was speaking I was thinking back over the years and I was unable to recall a single one of these which proved a success.

Co-operation is all right, but exploitation is wrong. The farmer has been exploited: he has been given very little for his product. As the honourable member who is piloting this Bill (Hon. Mr. Marshall) knows, the old cattle buyer who used to come onto the farm and make his purchases was driven out of business. Now the farmer takes his cattle on a truck into a packer's yard and lets the packer set the price. When the farmer used to bring in a load of grain and sell it at the elevator, he got his money, and then went to settle his account with the storekeeper. I can remember seeing, written in big letters at the Winnipeg stockyards, "The Organized Farmer in Business." Well, there was a co-operative, with a pool, but it finally went to pieces. The honourable gentleman can also remember that. Just to see what the live stock end of the pool was doing I put in one lot of cattle, and I received about two cents a pound less than I could have made out of them in the yards. And later I got 30 cents a head as a dividend from the pool.

Creameries are another co-operative enterprise into which the farmers have gone and which have proved unsuccessful. The honourable gentleman knows about the Saskatchewan creameries.

As to this Bill, my suggestion is that the farmer be given a chance to do something on the land, and that for this one year he be helped out by a payment of 80 cents a bushel for his wheat. One year we gave him 87½ cents, and if that wheat had been held instead of having been sold at a fire sale he would have got \$1.30 or \$1.40. Having lived in the West for nearly half a century, and knowing the conditions that the farmer faces, I urge in an advisory way that he be given 80 cents a bushel this year, to help him out. Do not bother with co-operatives. Let him bring in the wheat, give him 80 cents, and he will pay his bills to the merchant.

Hon. Mr. MacARTHUR: Give him a dollar.

Hon. Mr. MULLINS: I think that is the only way to help out the wheat grower. I am not in the wheat business, and I never sold a bushel of grain to an elevator. I have grown 20,000 bushels of oats in one year and successfully marketed them on four feet. I do not want to be exploited by co-operatives and elevators. What happened at Fort William? Some honourable members have read the story—have read Price Waterhouse's report on the exploitation of the grain grower.

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I repeat that the way to help the farmer is to guarantee him 80 cents a bushel for his wheat this year. Let him bring the wheat into the market himself and sell it at the elevator, and take his money.

Hon. Mr. MARSHALL: Honourable senators, I should like to say a word in reply to the remarks of my honourable friend from Winnipeg South-Centre (Hon. Mr. Haig). As I read this Bill, it does not shut out the small elevator companies. But you cannot afford to engage a selling agency for one elevator, or a group of two, three or four elevators. A hundred elevators would not have more than enough grain to make it worth while to pay a selling agency to handle it, and this Bill makes it necessary to have one hundred elevators in any co-operative organization that is formed. It defines "elevator company" as an incorporated company or association of incorporated companies. Therefore if the elevators south of Lethbridge wish to take advantage of this Bill they will join with another group of elevators, but unless there are 100 elevators in the scheme they do not form a co-operative plan under this Bill. The reason is that if you had many peddling little things all over the prairies you would multiply the cost of doing business.

As to whether we are wasting our time on this Bill, as has been suggested, I said, in the few imperfect remarks I made on the motion for second reading, that the Bill was intended for the future, that it was not likely it would be proclaimed immediately, but that we had to develop some system by which we could sell our grain to the best advantage. As the honourable member for Winnipeg South-Centre has pointed out, if the farmer is guaranteed an advance price of 60 cents Fort William for No. 1 Northern, he will take his wheat into the pool elevators, where he will receive enough money to go on with, and later whatever balance is coming to him he will get.

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

AGRICULTURAL PRODUCTS CO-OPERATIVE MARKETING BILL

SECOND READING

Hon. DUNCAN McL. MARSHALL moved the second reading of Bill 89, an Act to Assist and Encourage Co-operative Marketing of Agricultural Products.

He said: Honourable senators, I shall be briefer still with regard to this measure, because it is along the lines of the preceding bill except that it deals with all other agricultural products.

Some Hon. SENATORS: Carried!

Hon. Mr. MARSHALL: There is one thing that I want to say—

Some Hon. SENATORS: Carried!

Hon. Mr. MARSHALL: I know there is an inclination not to listen too much to anything dealing with agriculture.

Right Hon. Mr. MEIGHEN: Oh, no, not at all.

Right Hon. Mr. GRAHAM: Wait until you get to committee.

Hon. Mr. MARSHALL: There is a group of farmers near Saskatoon who this year raised more registered alfalfa seed than was grown elsewhere in Canada. They sold early, and the price doubled. Of course, that is not always the case. They have already expressed a desire to organize under this Bill so they may have a chance to get what is coming to them for their crop.

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

Right Hon. Mr. MEIGHEN: I hope the honourable senator did not get the impression that anybody on either side of the House was impatient because this Bill deals with agriculture. That is not the state of mind of the Senate at all.

Some Hon. SENATORS: Hear, hear.

Right Hon. Mr. MEIGHEN: They were just looking at the clock and were afraid he might not get through by six.

RAILWAY COMMITTEE

On the motion to adjourn:

Hon. Mr. DANDURAND: May I remind honourable members who belong to the Standing Committee on Railways, Telegraphs and Harbours that we meet at 6 o'clock?

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

THE SENATE

Wednesday, May 10, 1939.

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

Prayers and routine proceedings.

PENSION BILL

CORRECTION OF STATEMENT

Hon. J. H. KING: Honourable senators, I rise to a question of privilege. I should like to correct a statement I made yesterday

which was somewhat misleading. I was dealing with a statement sent to me by the department, setting forth the decrease in the number of applications before the Pension Commissioners from the year 1934 to the year 1939. What the statement really meant was this: on January 1, 1934, there were 1,229 cases ready and prepared for appeal before the board; on January 1, 1935, there were 519 cases; on January 1, 1936, there were 789; on January 1, 1937, there were 1,141; on January 1, 1938, there were 371, and this year, on January 1, 1939, there were 201. That is what I was trying to state, but I made a mistake and mixed it up.

PRIVATE BILL

REPORT OF COMMITTEE

Right Hon. GEORGE P. GRAHAM presented, and moved concurrence in, the report of the Standing Committee on Railways, Telegraphs and Harbours, on Bill Z1, an Act to incorporate Prescott and Ogdensburg Bridge Company.

He said: Honourable senators, there have been several amendments made to this Bill. They were all prepared by our own Law Clerk in company with the gentleman in charge of the Bill. They are not very essential, and the committee passed them last night on an understanding which the promoters have agreed to. In some of the bridge bills of this character no deposit has been exacted. The committee had the gentleman in charge of the Bill agree that a deposit clause should be inserted in the Bill. As time was so short, it was agreed that this clause should be inserted in the Commons, although this is a Senate Bill.

The motion was agreed to.

THIRD READING

The Hon. the SPEAKER: When shall this Bill be read a third time, as amended?

Right Hon. Mr. GRAHAM: With the consent of the House, and in view of the particular circumstances, I would ask that it be read now.

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

FARMERS' CREDITORS ARRANGEMENT ACT

DISCUSSION POSTPONED

On the notice by Hon. Mr. Hughes:

Inasmuch as we are not likely to have the annual report of the administration of the Farmers' Creditors Arrangement Act for the last fiscal year in time to discuss it this session, and inasmuch as we have already received some figures in regard to the administration of said Act for the year 1938-39, the consideration of which would probably give the Government and Parliament information which they should have at as early a date as possible, I therefore give notice that I shall on Wednesday next call the attention of the Senate to the interim figures which were furnished, to their implications, and to some other features of the administration of said Act.

Hon. Mr. DANDURAND: I would ask my honourable friend to postpone discussion until to-morrow. There is important business to be done, which will take all our time this afternoon. I think my honourable friend will consent to postponement till to-morrow.

Hon. Mr. HUGHES: Provided I do not lose my place on the Order Paper.

Hon. Mr. DANDURAND: It will remain as it is.

The notice stands.

STATE OF CANADA'S DEFENCE

DISCUSSION CONTINUED

The Senate resumed from Thursday, May 4, the adjourned debate on the question proposed by Hon. Mr. Griesbach, calling the attention of the Senate to the state of the defence of Canada.

Hon. WILLIAM DUFF: Honourable senators, a few days ago we listened with a great deal of interest to an excellent speech delivered by the honourable senator from Edmonton (Hon. Mr. Griesbach). You will remember that the honourable senator called our attention to the state of the defences of Canada. I do not think it is necessary for me to say that this is perhaps the greatest question which the people of Canada, and particularly the Parliament of Canada, have to deal with at the moment. They have to decide what they will do with regard to the defences of Canada and the procuring of necessary equipment not only to protect our own coast line, but to enable us to do our duty by the Empire.

There are different opinions in the Dominion on this question. I can understand why people are wondering what exactly we should do and how far we should go, and why there is consequently, both in the newspapers and in public bodies, much controversy with respect to this grave matter. I feel quite sure the people of this country want to do their duty not only by Canada, but by the British Empire, and, as there are in that connection certain

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questions which we must consider, I for one can understand why, as I said a moment ago, there are differences of opinion.

The honourable senator from Edmonton is perhaps one of the few people in this Parliament who can speak authoritatively on the military side of the question; but I regret very much to find that in his excellent presentation the honourable gentleman introduced a partisan note, and confined himself mostly to what had happened during the last three or four years. I say, honourable members, this is too large a question for partisanship. Perhaps my honourable friend is worried about the defences of Canada, and I can understand that, but it is unfortunate that he should sound a jarring note which would be conveyed to our enemies in Europe. It seems to me that in this Parliament at least we should endeavour to keep as far away as possible from anything that would give comfort to the enemy.

My honourable friend said in his speech that the present Government lacked courage. He also said it lacked business ability. He went even further: he said that evidently the policy of the Government was a "go-slow" policy. Again I can sympathize with my honourable friend, because, perhaps, like myself, he sometimes chafes under the bit and feels that governments do not move as fast as they should. Nevertheless, as I said a moment ago, it seems to me that on this question, which is one of primary importance, we should endeavour to stifle our partisan feelings. I hope my honourable friend will not be offended if I say that when he was delivering his speech I made a memorandum that "another Daniel had come to judgment." I wondered why, in his splendid speech, which should have been of so much help to the Government and the Minister of Defence, he had not omitted the partisan note. He went on to say that the Minister, who had spoken in another place in this building a few days previously, had made a speech of "terrific wordage," much of which might be discarded as "padding." I presume he meant the speech was lengthy and contained certain matters to which he objected.

When I say that in matters of this kind we should keep as far away as possible from partisan politics, I must admit that there is no greater partisan in this country than I am. On certain questions I am willing to stand up and fight for my party. But in a matter of such serious consequence as the national defence of Canada we should all try to subdue our partisan feelings and work together in the best interests of the country.

My honourable friend referred to what had been done in the last three years. After he had concluded his excellent speech I went to the Library and waded through the Senate Hansard for a number of years, and up to 1935 I could find not a word from my honourable friend with regard to our defences. He was like a sheep before her shearers; he was dumb, and he opened not his mouth.

Right Hon. Mr. GRAHAM: That is good Presbyterian doctrine.

Hon. Mr. DUFF: Yes, that is good Presbyterian doctrine, as my right honourable friend says. I am only sorry that he went back on us in 1924.

My honourable friend from Edmonton criticized the Department of National Defence because of what it had not done, and perhaps I may be allowed to quote some figures to show what actual expenditures have been made. I will try to keep clear of political considerations in my remarks, and therefore I will go back a little farther than the period from 1930 to 1935. I am told that open confession is good for the soul. In the years immediately following the war I was one of the strongest objectors, both in Parliament and elsewhere, to the spending of large amounts on our militia and navy. But that, honourable members, was in 1919 and 1920. The war had cost us two billions of dollars, 60,000 of the flower of our youth had been left on Flanders fields, and 200,000 crippled and wounded soldiers had been brought back to this country, for us to care for them as best we could—and our present annual bill for looking after them is \$50,000,000. In those days I felt that we had fought a war to end all wars. For that reason I said then—and I am not ashamed of it now, because I thought I was right—that there was no need to spend much money in Canada for military or naval purposes. But to-day I have a different opinion. In fact, I had a different opinion as far back as two years ago. Perhaps honourable members will recall that in 1937 I urged in this Chamber that more money should be spent for the protection of Canada.

As I said a few moments ago, I want to give some figures to show what expenditures have been made on our army, our navy and our air forces in recent years. Back in 1926 our outlay on those three arms of defence was only \$12,900,000. In 1927 that was increased to \$15,800,000. I think everyone will agree that was only enough to keep up a mere skeleton organization in the various branches. We could not very well have spent much less, if we were going to have any kind of defence system at all. For the next three years the

expenditures were: 1928, \$18,800,000; 1929, \$20,600,000; 1930, \$22,100,000. I call honourable members' attention to the fact that in the five-year period from 1926 to 1930 there was a gradual increase in our annual budget for defence. The Defence Ministers of those days, my friends Macdonald and Ralston, both of whom, I think I can say, had the respect not only of Parliament, but of the country, realized the necessity of strengthening our protective forces.

Now, if my honourable friend from Edmonton (Hon. Mr. Griesbach) will allow me to follow in his footsteps and introduce a partisan note, I will come to the year 1931. That year we reduced our appropriation to \$18,900,000. In 1932-33 we spent only \$15,000,000; in 1933-34, only \$13,000,000; in 1934-35, \$13,300,000, and in 1935-36, \$17,300,000.

I am presenting those figures to the House because my honourable friend criticized the Government and the Department of National Defence with regard to what they had done. I do not say he condemned them. After hearing him, I thought it might be well to compare those figures with the expenditures in the period from 1926 to 1930. Then there was no sign of any trouble in this world and we were hoping the nations were going to beat their swords into ploughshares and their spears into pruning hooks. In the early thirties, as I think every honourable member recalls, you could see on the horizon a cloud, perhaps no bigger than a man's hand. In those years Germany was arming. While Great Britain continued to curtail armaments and endeavoured to convince Germany and Italy and the other great powers of Europe that there was no necessity to rearm, yet the fact remained that what are now known as the totalitarian states were spending hundreds of millions of dollars on warlike preparations. Therefore, if to-day we are to criticize the Government and the Minister for what they are not doing, we should also criticize the preceding Government and the Minister then in charge of National Defence for what they did not do.

How much money has been spent since the present Minister of National Defence took office? In 1936, shortly after he became Minister of National Defence, he looked over the situation and found certain conditions. In 1936-37 there was an expenditure of \$25,500,000—an increase in his first year of office of \$8,000,000. In 1937-38 the department expended \$35,000,000, as against only \$17,000,000 two years previously. In 1938 approximately the same amount was spent, \$35,500,000. For the current fiscal year estimates have been brought down, which no doubt Parliament will pass, for defence expenditures of \$60,000,000.

What did the present Minister of National Defence find when he was sworn in? He found that our stocks of ammunition had not been replenished, that artillery training was reduced to twelve men to a battery, that the infantry had had no camp training at all for several years.

And what about the air service? When Colonel Ralston was Minister of National Defence he spent some money, principally on what is known as civil aviation. In 1930, before he relinquished his portfolio, the department was spending \$7,147,000 on the air service. In 1932, just two short years after, that amount was reduced to \$1,731,000. There was no replacement of aircraft, flying hours were reduced from 32,095 in 1930 to only 1,200 hours in 1933. In 1932 the department dismissed more than 300 trained men from the air service, including 78 officers, 100 airmen, and 125 technically trained civil personnel.

What were the conditions that resulted from failure of the former Administration to maintain the Defence Department's progressive development as it had been carried on in the years 1926 to 1930, and from the slashing of defence appropriations between 1930 and 1935? The heads of the various services reported on the situation to the present Minister of National Defence when he took office in the fall of 1935.

First, with regard to the Naval Service, what do I find? I find that even to protect her neutrality Canada required on one coast 6 destroyers, 4 mine-sweepers and 12 auxiliary vessels. She had only 2 effective destroyers, 2 obsolete destroyers—scrapped the next year—and 1 inefficient mine-sweeper. The naval magazine at Esquimalt had been condemned in 1905. Training ships had been sold, and the naval college had been closed. Barracks, dockyards and wireless equipment at Halifax and Esquimalt were hopelessly antiquated and inadequate.

I have said in this House and elsewhere that there was no need for a naval college or for training ships. That statement was made away back in the years when nobody dreamed there would be another war. To-day I feel, as does the honourable senator from Alma (Hon. Mr. Ballantyne), that the naval colleges should be opened and that we should have more training ships than we now have.

What about the Militia Service? This is a rather delicate subject for me to touch on, for I must admit that I do not know much about it. However, for those who wish to learn, it will be no trouble to read and ascertain the condition that prevailed when the present Minister of National Defence took charge. Our coast defence armament was obsolescent and defective. Nothing had been

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done about anti-aircraft batteries. There was no mechanical traction, except for certain permanent force batteries. There were insufficient anti-gas respirators for even the small permanent force. There were no facilities in Canada for the manufacture of small arms. Stocks of ammunition were disastrously low. The re-organization of the militia on modern lines, recommended in 1932, had not been acted upon. The training of the militia was so restricted that few officers and men had experience in their tasks.

Now I come to the Air Service. There were no service aircraft suitable for active service under modern conditions, no air bombs available for immediate use, and no manufacture of service type aircraft in Canada.

Those were some of the conditions confronting the present Minister of National Defence when he took charge of his department.

What is the situation to-day? Here are some of the things which I find the present Department of National Defence has done. The militia has been completely reorganized on modern mechanized lines. Manufacturing facilities for the production of mechanical equipment for the militia have been developed in co-operation with Canadian industry. Substantial numbers of mechanized units have already been manufactured. The training of the militia has been restored to normal. Technical units receive as much as twenty-three days' training. Militia camps have been re-established, and training in large formations has been undertaken. The production of ammunition at the Dominion arsenal has been greatly increased; in fact, I am told it has been quadrupled. A few days ago the arsenal at Lindsay was reopened. The system of coastal fortification works on the Pacific coast has been practically completed along most modern and efficient lines. In this connection I was glad the honourable senator from Edmonton referred to the important part played by coast defence in case of war.

Guns have been remounted and relined. The manufacture of machine guns has been undertaken in Canada for the first time in history. As an investigation of that matter is at present being carried on in another place, I shall add nothing further to what I have already said on this particular subject.

Hon. Mr. McMEANS: You had better not.

Hon. Mr. DUFF: I think the whole investigation is a farce; and as a result of it the Germans and Italians know to-day that we are fighting amongst ourselves about the first contract for guns placed in this country.

Hon. Mr. MACDONELL: They have known about these things for years.

Hon. Mr. DUFF: A number of anti-aircraft batteries have been obtained for training purposes, and arrangements have been made for the manufacture of searchlights and other anti-aircraft equipment in Canada. Stocks of ammunition have been replenished. An industrial survey of Canada has been practically completed, which places at the disposal of the department full information as to the country's capacity for manufacturing war material.

Now I come to the Navy. During the last few years the naval strength has been raised. We now have 6 modern destroyers. Another vessel, a flotilla leader, is on the way. Four mine-sweepers have been built in Canadian shipyards. Harbour defences at Halifax and Esquimalt have been acquired. A new magazine has been constructed at Esquimalt. Barracks, dockyards and other shore facilities for the Navy have been improved and enlarged. The naval personnel has been more than doubled. A fishermen's reserve has been organized on the Pacific, and work along this line has been started on the Atlantic—I am going to deal with that later on—and stocks of naval ammunition have been replenished.

I come now to the Air Force. A few days ago, in this Chamber, the right honourable leader of the opposition (Right Hon. Mr. Meighen), in dealing with another matter, made the statement that nothing had been done with regard to the air service.

Right Hon. Mr. MEIGHEN: I said no planes had been delivered.

Hon. Mr. DUFF: Very good. That is exactly what I am coming to. What the right honourable gentleman said was this:

Will the House listen while I state how many planes have so far been delivered? Not a single one.

Then he went on:

We have no real defences in this country, not even enough to stop the raider of a chicken roost.

Right Hon. Mr. MEIGHEN: Hear, hear.

Hon. Mr. DUFF: Now, is that a fact or is it not? Here is exactly what we have in the matter of aeroplanes; the Air Force personnel has been doubled, and more than 200 new aircraft have been bought, most of which have been manufactured in Canada.

Right Hon. Mr. MEIGHEN: Will the honourable gentleman make sure he has exactly what I said? I referred to three contracts, the Boeing contract at Vancouver, the Fairchild contract at Montreal, and the National Steel

Car contract at Hamilton. I gave figures as to the number of planes, and I said not one had been delivered.

Hon. Mr. DUFF: I am just reading what my right honourable friend said.

Right Hon. Mr. MEIGHEN: On the contracts I have been describing?

Hon. Mr. DUFF:

Will the House listen while I state how many planes have so far been delivered? Not a single one.

Right Hon. Mr. MEIGHEN: I made no complaint that there had not been delivery. I said specifically that I was not complaining. My point was to show how long it took to get delivery, and that there was no sense in starting to order planes when war came.

Hon. Mr. DANDURAND: At all events there is some virtue in starting.

Right Hon. Mr. MEIGHEN: Yes.

Hon. Mr. DANDURAND: Which my right honourable friend did not do.

Right Hon. Mr. MEIGHEN: Those were League of Nations days.

Hon. Mr. DUFF: Honourable senators, may I go on?

Hon. Mr. POPE: Yes, go right along.

Hon. Mr. DUFF: Thanks very much indeed. I was just quoting from my right honourable friend's remarks, but perhaps it will be as well if I tell what has happened in regard to delivery and non-delivery.

Right Hon. Mr. MEIGHEN: Of those planes?

Hon. Mr. DUFF: The aircraft strength, as of April 1, 1936, was 164. Of this number 23 were of the service type, and 141 of the training and survey type. On April 1, 1936, there were 18 aircraft on order. In the period from April 1, 1936, to April 1, 1939, there were 201 aircraft ordered; 106 of the service type and 95 of the training and survey type. These 201, with the 18 also on order, make a total of 219 ordered. By April 1, 1939, there were 110 of these completed and delivered, consisting of 40 first-line planes and 70 of the training and survey type.

Right Hon. Mr. MEIGHEN: Are those military aircraft?

Hon. Mr. DUFF: I would say so.

Hon. Mr. LYNCH-STANTON: Do not say so unless you know.

Hon. Mr. DUFF: Of course, my honourable friend knows more about cross-examination than I do. I am not used to it. But the Minister was speaking about the defence of Canada, and it was presumed that the aircraft which he referred to were for the defence of Canada. If the honourable gentleman wishes me to do so, I shall read the statement of the Minister.

Right Hon. Mr. MEIGHEN: Oh, no. Do not do that.

Hon. Mr. LYNCH-STANTON: Cut it all out.

Hon. Mr. DUFF: No, I will not cut it all out. I think I am quite safe in saying that the 110 aircraft delivered were war machines. There are still 109 to be delivered, and they perhaps are what my right honourable friend (Right Hon. Mr. Meighen) was referring to.

Right Hon. Mr. MEIGHEN: I think my honourable friend will find that these do not include the 64 which I referred to.

Hon. Mr. DUFF: Of course, if you take 64 from 119 you still have some left. Perhaps my right honourable friend is overlooking that.

Right Hon. Mr. MEIGHEN: The 64 are not included. My information came from aircraft men. In trying to impress upon me how long it took to make deliveries after contracts had been let, they said that over two years ago, I think, orders were placed for 18, 18 and 28 ships, that is 64 in all, and not one had yet been delivered.

Hon. Mr. DUFF: I am delighted that my right honourable friend confesses what he omitted to do when he was leader of the Government in this Chamber, during the years 1930 to 1935. Was it not his duty, while holding that position, to urge that our defence forces be strengthened? I know he is concerned now to see that our country is protected, but I say it is not fair for him to criticize the present Minister of National Defence because deliveries have not been made of some aircraft ordered two years ago.

Right Hon. Mr. MEIGHEN: I have not criticized him.

Hon. Mr. DUFF: Well, I do not know whom my right honourable friend was criticizing. I suppose it was not the contractors.

Right Hon. Mr. MEIGHEN: I was just stating facts, to show that we cannot wait until war breaks out to begin preparations for defence. I made no apology at all as to what was done between 1930 and 1935. As to that period, all I would say is that those were League of Nations days.

Hon. Mr. LYNCH-STANTON.

Hon. Mr. HUGESSEN: Would the right honourable gentleman explain what he meant by saying we did not have enough defences to stop the raider of a chicken roost?

Right Hon. Mr. MEIGHEN: That is figurative language.

Hon. Mr. DUFF: My right honourable friend cannot get out of this thing by talking about the League of Nations.

Right Hon. Mr. MEIGHEN: I appeal to the honourable leader (Hon. Mr. Dandurand).

Hon. Mr. DUFF: We all know that the League had a pretty hard time. But I should not be surprised to learn that the right honourable gentleman attended some of the League's meetings while he was leader of this House.

Right Hon. Mr. MEIGHEN: No, I never attended a League meeting. On subjects connected with the League I always refer to the honourable leader (Hon. Mr. Dandurand).

Hon. Mr. DUFF: It is too bad that my right honourable friend did not go to Geneva. If he had gone there in 1933, 1934 or 1935 he perhaps would have realized the seriousness of the European situation and, on his return, advocated the giving of contracts for aircraft.

In a speech which he delivered here on May 4 the right honourable gentleman said:

We have no real defences in this country, not even enough to stop the raider of a chicken roost.

Hon. Mr. GRIESBACH: Will the honourable gentleman allow me? I would advise against his being side-tracked by referring to what was said by someone else. I was hopeful he would round off his statement by telling us, on the authority of the Minister's speech of the other day, what the precise position of our air forces now is. Is the honourable gentleman through with that subject, or will he complete it by giving the information I have alluded to?

Hon. Mr. DUFF: It will be a pleasure to give that information.

Hon. Mr. GRIESBACH: The honourable gentleman has told us about the planes we have had and the planes we are to have. On page 3481 of the Debates of another place the Minister gave a statement of our strength in aircraft as at the 1st of April this year, and I was hoping my honourable friend would quote from that. I am afraid that if he enters into dispute with the right honourable leader on this side, that information will not

be presented to us. I should like to have it given at this stage, and if my honourable friend wishes I will help him out by reading it.

Hon. Mr. DUFF: No; I can deliver my own speech. The reason I had not quoted from that part of the Minister's statement was that I did not want to weary the House with the figures. I contented myself with mentioning the number of aircraft we had in 1935, the number that have been ordered since, and what deliveries have been made. As the honourable gentleman from Edmonton (Hon. Mr. Griesbach) says, on page 3481 of the Debates of another place the Minister gives a detailed statement of the actual strength in aircraft at April 1, 1939. I cannot quite see why it is necessary for me to read it.

Hon. Mr. HAIG: Is it in order to read it?

Hon. Mr. DUFF: No, I do not think it is in order to read another person's speech, but I can quote from information given in another place.

Hon. Mr. HAIG: I object to its being read.

Hon. Mr. DUFF: I thank you very much. You can read it yourself as well as I can.

Hon. Mr. HAIG: Better.

Hon. Mr. DUFF: That is a matter of opinion. I read the Minister's statement a few days ago, and I think the figures I have given this afternoon are correct.

Hon. Mr. CALDER: The honourable gentleman could say that after reading the Minister's statement he has learned what the facts are, and then he could quote the facts.

Hon. Mr. DUFF: I thank my honourable friend for his suggestion, but I do not feel it is necessary to quote the figures.

Hon. Mr. GRIESBACH: Or he might say that he is credibly informed.

Hon. Mr. DUFF: Both methods are correct. But I really do not think it is necessary to quote those figures, because the only point to which I was directing attention was my right honourable friend's statement that no aeroplanes had been delivered. He has given his interpretation of his own remarks—

Right Hon. Mr. MEIGHEN: Not an interpretation. My statement is as plain as day, exactly as I made it.

Hon. Mr. DUFF: My friend is a lawyer—

Right Hon. Mr. MEIGHEN: I used to be.

Hon. Mr. DUFF: I could appeal to seven lawyers, including my constitutional friend from Hamilton (Hon. Mr. Lynch-Staunton), and get seven different constructions upon what my right honourable friend said.

Right Hon. Mr. MEIGHEN: Oh, no.

Hon. Mr. DUFF: My right honourable friend said:

We have no real defences in this country, not even enough to stop the raider of a chicken roost.

That was not a fair statement to make.

Right Hon. Mr. MEIGHEN: That is figurative.

Hon. Mr. DUFF: Quite right. And my right honourable friend was using his imagination there.

Hon. Mr. LYNCH-STAUNTON: Let it go at that.

Hon. Mr. DUFF: Don't worry. I will not hurt the right honourable member's feelings more than I can help. I am going to quote a few figures to show that in making that statement my right honourable friend was not fair to the Department of National Defence or the Minister. Let us see what the facts are. First, I will refer to the Naval Branch.

Hon. Mr. HAIG: What is the honourable gentleman reading from?

Hon. Mr. DUFF: From the Official Report of the House of Commons Debates for Wednesday, April 26.

Hon. Mr. HAIG: Mr. Speaker, is that in order? I want a ruling.

Right Hon. Mr. GRAHAM: I think this is interesting.

Hon. Mr. POPE: Continue.

Hon. Mr. DUFF: Thanks again. Honourable senators, no one is more desirous than I am to keep within the Rules of this Chamber. I think I am perfectly justified in referring to certain figures which I have in my hand. For the benefit of the honourable junior senator from Winnipeg (Hon. Mr. Haig), who has not been in Parliament as long as some of us have, may I say it is usual to quote figures which have been given in another place, so long as we do not mention that place by name. I said nothing about the source of my information until the honourable gentleman put his question to me. So I submit it would be quite in order for me to give some facts with regard to this important matter. I cannot understand why my honourable friend from Winnipeg is so worked up about it.

Hon. Mr. HAIG: I have no objection to the material which my honourable friend proposes to read; but the other day, when the honourable gentleman from Edmonton (Hon. Mr. Griesbach) was speaking, the honourable leader of the House (Hon. Mr. Dandurand) and his colleagues in the front row strenuously objected to something being quoted unless the source was disclosed.

Hon. Mr. KING: That is different.

Hon. Mr. DANDURAND: Yes, that is a different point.

Hon. Mr. HAIG: He wanted to quote from Hansard, but that was objected to. He was advised to say that he was quoting from remarks made in another place. What is sauce for the goose is sauce for the gander.

Hon. Mr. DUFF: The honourable gentleman is wrong. My honourable friend from Edmonton did not read from Hansard. He had before him a letter or some other private document, and when asked to give the name of the author he declined, and quite properly, in my opinion.

I think the House would like to have correct information as to what has been done with respect to the defence of this country. Perhaps a few honourable members do not want to hear it, but it may be interesting to some people who are less than a thousand miles away. It may serve as an answer to remarks made by my honourable friend from Edmonton (Hon. Mr. Griesbach) and by a gentleman in another place. And perhaps if my humble words are taken note of they will have some effect in showing the world that when it comes to the defence of our country we are a united people. I certainly do not want to say anything that could be interpreted to-morrow morning by papers in Berlin or Rome as an indication that Canada is divided on this vital matter. My purpose is to show that the opposite is true. For that reason I should like, with the permission of the House, to quote some figures to prove what we have done and are trying to do. I admit we have perhaps not done enough, and there is a great deal more we should do, but I say that no reason exists for criticizing the Department of National Defence on the ground that in the last three years it has not accomplished as much as it might have. Why has it not done more? Simply because of criticism from certain individuals and quarters in this country.

I am convinced, honourable members, that in the matter of defence we have a united Canada. Every man, woman and child in this country stands on common ground there.

Hon. Mr. DUFF.

If the boys in some of our colleges had been learning their lessons instead of passing resolutions against conscription and against fighting for Canada, if they had been content to leave our defence policy to the statesmen whose business it is to deal with it, there would not have been so many stories in the newspapers suggesting that our people would not fight to defend themselves. So, whether I am in order or out of order, I should like permission to quote some of the information that I have before me.

Hon. Mr. HAIG: The honourable gentleman is entirely out of order.

Hon. Mr. DUFF: During the last few years the Government have purchased the following destroyers from the Admiralty:

H.M.C.S. St. Laurent
H.M.C.S. Fraser
H.M.C.S. Ottawa
H.M.C.S. Restigouche

And one training schooner, the H.M.C.S. Venture, has been constructed in Canada. Besides, the following mine-sweepers have been built in this country:

H.M.C.S. Gaspé—that is a good name.
H.M.C.S. Fundy—another good name.
H.M.C.S. Comox—a British Columbia name.
H.M.C.S. Nootka—another name obtained from the Pacific coast.

These mine-sweepers were built in Canadian shipyards. And here I want to say that in view of the very serious situation that we find in the world to-day, Canada must do more than appropriate \$60,000,000 for defence. Because I believe that our main defences must be on the Atlantic and Pacific coasts, I urge that the Government make contracts at the earliest possible moment with shipyards in this country for the construction not only of mine-sweepers, but also of destroyers, cruisers and submarines. We know that, as my right honourable friend (Right Hon. Mr. Meighen) has said, defence equipment cannot be procured on short notice. We also will agree, I think, that ships of the type I have mentioned can be built here as well as in England.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. DUFF: It may be said that they cannot be built as cheaply here. Some critics of the Government may point out that these four little mine-sweepers cost considerably more than they would have if they had been constructed in the Old Country. Well, as every business man knows, you cannot produce anything in small quantities as cheaply as in large quantities. To bring the cost down we

must increase the output. And not only have we the material for building ships here, but we have the men to construct them. That was proven by my honourable friend from Alma (Hon. Mr. Ballantyne). It may be recalled that he and I crossed swords about the merchant marine. My only objection to the merchant marine venture was that we were too late in going into it. The workmanship on the vessels themselves, which were built in the shipyards at Sorel, Halifax, and the Vickers plant, and on the Pacific coast, could not be beaten. Those vessels were splendid examples of their type. I say, honourable members, that the Department of National Defence should let contracts with Canadian shipyards for the building of more war vessels, as an indication to foreign countries that we realize our responsibilities as a part of the British Empire, and that if ever the time comes to protect our rights we will do our duty.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. DUFF: I spoke a moment ago about our stocks of ammunition having been allowed to drop down to the minimum. During the last three or four years the Government have spent \$1,299,000 in ammunition and stores for the Navy.

Our naval establishment at the end of March, 1939, was represented by six destroyers, Saguenay, Skeena, Fraser, St. Laurent, Ottawa and Restigouche; one schooner, the Venture; seven mine-sweepers, Armentières, Fundy, Nootka, Gaspé, Comox, Festubert and Ypres; one motor vessel, the Skidegate; two barracks, Halifax and Esquimalt; two dockyards, Halifax and Esquimalt.

May I say with regard to the barracks and dockyards of Halifax and Esquimalt, that again I join my honourable friend from Alma (Hon. Mr. Ballantyne) and endorse his opinion that, in what is now perhaps the most serious crisis in our history, the sooner the Naval College at Halifax is reopened and training ships are established, the better.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. DUFF: I come now to the Militia Branch. For general stores and ammunition \$18,958,000 has been expended. For the last three years \$12,000,000 has been voted, of which \$4,571,000 has been expended, with progress payments to contractors of a further \$2,000,000. The other day, I think, something was said about our having no coast defences, and our anti-aircraft service being at the lowest possible ebb. By March 31, 1939, certain orders for guns had been completed. Four 3-inch anti-aircraft guns ordered in 1935

have been delivered. In addition to the \$100,000 paid in the first year, \$120,000 has since been paid. Three heavy coast guns were relined in Great Britain at a cost of \$51,000. Substantial quantities of ammunition for the various types of coast defence guns were acquired from the War Office at a cost of \$123,098.

With regard to mobile artillery, five 3-inch mortars were procured in England. Substantial quantities of ammunition, fuses, et cetera, of types not available in Canada for mobile artillery, were procured from the War Office at a cost of \$371,000.

Of great importance is the fact that with an expenditure of \$820,000 there was developed in Canada, for the first time since the Great War, production of the following commodities, through private industrial sources: shell steel in the form of billets and forgings; steel base plates; driving band rings; fuse plugs; propellant in the form of Cordite W; shell filling in the form of T.N.T.; steel exploder containers; ammunition boxes.

In connection with necessary equipment and increased production at the Dominion arsenal, there has been expended in the three years \$1,786,770. When you raid a chicken roost in the dark the usual course is to wring the chicken's neck—and that is what I should like to do with some persons who are making so much trouble in the world to-day; but whether we shoot the chicken or wring its neck, I think my right honourable friend will agree that \$1,700,000 could kill more than one chicken.

Production of small arms ammunition has been increased fourfold. This means that the production during the past three years has been 21 million rounds greater than it would have been had the rate of production prevailing in 1935 not been increased. The production of 18-pounder cartridge cases has been increased sixfold, and the production of percussion primers has been increased at least sixfold. The gauge plant has been equipped at Quebec so that the department is now able to produce its own gauges in a thoroughly satisfactory manner. There has been expended on the purchase of equipment and rebuilding the rolling mill at Lindsay arsenal more than \$100,000 for the purpose of initiating production of cartridge cases. As I have said just now, this arsenal has been reopened.

With regard to small arms, the department obtained 82 Vickers machine guns at a cost of \$116,000. In addition there were obtained 10 Bren guns and 7 half-inch anti-tank rifles from the War Office, chiefly for training purposes.

Then under the head of wireless, equipment to the value of \$128,000 was obtained, including 133 light portable wireless sets and a number of radio transmitters and receivers for the permanent force radio stations.

On mechanical equipment and mechanization of existing equipment there has been expended \$539,560, for which we have obtained:

- 2 light tanks from the War Office
- Conversion of 200 quick-firing 18-pounder equipment to pneumatic tires
- Production in Canada of 51 special trucks in accordance with War Office standards
- Production in Canada of 20 special mechanically propelled vehicles for experimental purposes
- 1 dragon from the War Office (a tractor for hauling heavy artillery)
- 50 miscellaneous motor vehicles.

I could, honourable senators, specify expenditures on other equipment, but I think I have made it sufficiently clear that while the present Government have not done all they should have done, or perhaps would like to have done, they, and especially the Minister of National Defence, are seized of the seriousness of the situation, and will endeavour, notwithstanding adverse criticism from some quarters, to do what they can to put our militia, naval and aircraft forces in a satisfactory condition.

May I revert to the Air Force? I have already said that its personnel strength has been doubled and that more than 200 new aircraft have been bought, most of which were manufactured in Canada. That is an important matter. We are now manufacturing several types of the most modern service aircraft, thus ensuring continuity of supply in time of emergency. We have a fleet of Hurricane fighters which we acquired from Great Britain. These are among the fastest and most efficient fighting aircraft in the world. Our stocks of bombs and aircraft ammunition have been replenished. The system of air bases on the Pacific has been developed, and a chain of air bases on the Atlantic seaboard are in course of development at Yarmouth, Truro and Sydney.

It must not be forgotten that it is not an easy matter in a few months, or even years, as my right honourable friend said, to do all we should like to do. The greatest difficulty was experienced as to where the department could obtain essential equipment. Owing to what had resulted under earlier policies, the Government had to replace deficiencies as well as acquire new equipment. To add to the difficulty, we came into the market at a time when Great Britain, our customary

Hon. Mr. DUFF.

source of supply, required the full potential output of her industry for her own defence.

This was particularly the case with respect to anti-aircraft guns. As we all know, it is only within the last two years that Great Britain took steps to secure a supply of fighting aeroplanes and anti-aircraft guns to defend London. The British Government and the British people had been doing all they could to lead the other nations of the world towards peace, and consequently they were unprepared for the threatening situation which developed last year. Why complain of what Canada has done when even in the heart of the Empire the situation has been such that if war had broken out two years ago the city of London itself would virtually have been without effective defence from air attacks and might have been destroyed?

In those circumstances our Government had to look to the development of domestic sources of supply. It took a long time to develop production comparable with what could be produced by industries experienced in armament manufacture. We had no industry engaged in the production of weapons, service aircraft, anti-gas respirators and many similar technical items. However, such an industry has been created, and there have been established sources of supply of essential war materials never before produced in Canada, ensuring self-maintenance in time of emergency.

But, more important still, with regard to defence we have now what is virtually a united country. Only two years ago Canada was divided on the subject and a considerable body of opinion regarded as extravagance a defence expenditure of \$25,000,000. This divergence of opinion resulted, I think, from the pretty general feeling that there would be no war. To-day, as I have already said, the threatening international situation has, I feel, convinced 99 per cent of our people that there is only one thing for Canada to do—look to our defences. Not only must we defend our coast-line on the Atlantic and the Pacific, but we must also try to protect our trade routes. But, as my honourable friend from Edmonton (Hon. Mr. Griesbach) said the other day, we do not know where, in the event of another war, our first line of defence will be.

Right Hon. Mr. MEIGHEN: Hear, hear.

Hon. Mr. DUFF: Let us pray to God that there may be no war. But if war does come, what is the use of my getting up here and saying, "I am opposed to conscription"? Of course, I am opposed to conscription, just as I am opposed to war.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. DUFF: But let me say this. If war comes and it is necessary for me to help defend Canada, while I may not be able to do very much, yet I will do my best. Any man with children or grandchildren growing up around him hates war, but what is the use of anyone in this country saying, "I am against conscription," when we do not know what "a day or an hour may bring forth"? Of one thing let there be no doubt: we will defend Canada. I agree with my honourable friend that we do not know where our first line of defence will be. We hope it will not be overseas; we hope it will not be either on our Atlantic or our Pacific coast. Of course, our first line of defence will not be in Canada. So far as our neighbour to the south is concerned, I think we can all sleep in our beds undisturbed by the thought of any threat of invasion. May I say with all respect to my honourable friend from Edmonton, who, the other day, stressed the importance of increasing both the equipment and the personnel of our land forces, that it seems to me that if we ever have to defend Canada it will be from attack by sea and air.

A few minutes ago I suggested the building of the smaller types of warships, such as cruisers, destroyers and submarines. My honourable friend may remember that in the session of 1937 I advocated the formation of a naval reserve. By the way, I may say that if I feel grouchy and inclined to complain of lack of action, I become less critical when I realize that members of the Government and others charged with great responsibilities should have a great deal of my sympathy.

The Minister of Defence began in a small way to establish a Naval Reserve. Without conceit, may I add he did so after I made that famous speech in this Chamber in 1937. But he has not gone far enough, and I would warn this House and the country that we shall never get anywhere until we lay down a policy which will be of some national benefit. As I say, the Minister—and I compliment him—has made a start. I notice that on the Pacific coast his department has enlisted some 200 men. That is very good so far as it goes, but it is not sufficient.

In 1937 I suggested that we could kill two birds with one stone, for we have at our disposal the men needed to form a naval reserve. We have 69,981 fishermen, every one of them a sailor, and about 50 per cent of them young men ranging in age from 18 to 35 years. I submit that those 30,000 men should be immediately enlisted in what I would term a Royal Naval Reserve, and trained and equipped for national defence. I have suggested the building of warships of the smaller types in Cana-

dian shipyards. Well, it is no use to build ships unless you have the men to man them. In my speech of two years ago I stated that other countries had built up their navy from a naval reserve, and I quoted France as an example. For the last fifty years France has enlisted her fishermen into the navy either directly or through her naval reserve. In order to encourage the fishermen to enlist, the Government of France have for the last fifty years paid a bounty on every quintal of fish caught. The bounty was 10 francs a quintal when the franc was worth 20 cents, and to-day, with its value at only 3 cents, the bounty is 40 francs. A quintal is equivalent to 124 pounds. The bounty is equivalent to about \$1.20 in Canadian currency. When the fishermen come home from the fishing grounds they go either to the training ships or to the regular warships and receive technical training. If we established a system of that kind we should be doing something for a great industry.

There is no question that if any primary industry has been neglected by all our governments it is the fishing industry. I am convinced that there is more opportunity for developing this than any other primary industry in the Dominion. In view of the fact that this great industry can be developed, and that hundreds and thousands of men are walking the streets of towns and villages on both the Atlantic and the Pacific coasts, it seems to me that this Government, or any Government, should give it all the encouragement possible by way of a bounty on fish, or in some other form, and should enroll these young men in the Naval Reserve. They would then be available in time of stress, just as the Newfoundland boys were during the last war, when they went overseas and helped to prevent German merchant ships from entering or leaving their ports and carrying supplies to the German people. The men I speak of would be the very best kind of sailors. Of course it is useless to have sailors unless you have ships, and it is useless to have ships unless you have sailors to man them. While our own ships are being built, let us secure obsolete ships from the British Navy and use them for training purposes. I say there is an opportunity here to build up a great industry, and at the same time to help these young men who are walking the streets because of unemployment. I am not criticizing the Government. I know what a difficult task governments have had to face since 1930 in relation to unemployment. But here is a chance to help boys who cannot buy fishing boats of their own. If they were assisted in procuring fishing boats they would be able to go out and bring in new wealth to

the country, and if they were trained during the off season they would make excellent sailors or naval officers. I am very glad the Government have made a start towards establishing a Naval Reserve.

I notice that it is the intention of the Government to build another training ship on the Pacific ocean. I have no objection to that proposal, but I say it does not go far enough if we are to do anything worth while. Some people have criticized me in the past, and have accused me of not going far enough, because I said we could depend on the United States to help us if war came. I still maintain that that is true. The United States, in their own interest, will never allow an enemy to enter their country through Canada. This means that we can hold up our heads without shame, and in time of war can accept from the United States any help they may give us.

Everybody knows that money expended for war purposes—money spent on armaments or on warships—is money put into non-productive industry, and that the greater the expenditure in this direction the heavier the burden which will have to be borne by those who are here now and those who will follow after. In view of what has happened in the world during the last few years people in high places are endeavouring, both in a religious way and otherwise, to dissipate the war clouds. They are endeavouring to convey to those who are war-minded the idea that peace on earth is better than anything else. Nevertheless, we, as a self-respecting people, must endeavour to do in our own small way whatever we possibly can to protect Canada, either within our own boundaries, or, as I hope will never be necessary, outside of them.

What have this Government endeavoured to do with regard to the air service? For several years past they have sent 15 air pilots each year to the Royal Air Force; and there are now at least 50 British pilots who will train in Canada. I say that in this field also there is an opportunity to take up some of the slack in regard to unemployment. Young men who are wondering what is wrong with this country could be trained in civil aviation, and in case of war they would be available for the defence of this great Dominion.

I was very much pleased the other day with the remarks of the lady senator from Peterborough (Hon. Mrs. Fallis). She said the women of this country were organizing. If war comes in this country the boys will have to go to fight; there is no question about that; but the heaviest burden will fall on the women. The reason I made an unparliamentary remark in this Chamber a few days ago in reference to a fool story about

Hon. Mr. DUFF.

a submarine having been seen off the Nova Scotia coast was this. I had already heard the report. While I was in Nova Scotia a number of women either telephoned to me or spoke to me directly about it, and asked what it meant. I realized then that the publication of a foolish story of that kind in newspapers all over Canada would make every woman feel that something was wrong, no matter whether she had sons, grandsons, brothers, or a husband, and I resented the appearance of such a story in the newspapers. The honourable senator from Peterborough (Hon. Mrs. Fallis) has said the women are going to organize, and I say that when they organize they are going to see to it that the men do their duty. Everybody will remember the signal hoisted by Lord Nelson at the battle of Trafalgar: "England expects that every man will do his duty." These women who are going to be organized from the Atlantic to the Pacific will see to it if necessity arises—God grant it never may!—that every man in Canada does his duty, irrespective of where he lives or what is his occupation; and there will be no need of conscription.

An Hon. SENATOR: Have they not always done it?

Hon. Mr. DUFF: Sure, they have always done it. I did not say they had not.

I say that we in this Parliament have a certain responsibility, a certain duty to perform, in regard to this most serious matter, and it seems to me that at this time we should all unite, no matter from what part of the country we come or what situation in life we occupy, and should endeavour to do our duty as we see it in the interests of the country.

For some months past we have been feeling that something might happen at almost any time. In the churches of this country a few days ago clergymen of all denominations were praying for peace. The people of this country do not want war. They want to live at peace with their neighbours, and in that respect the peoples on this continent are a living example to the whole world.

I think I can say without fear of contradiction that what has been stated about Great Britain trying to encircle other countries is all nonsense.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. DUFF: Great Britain does not want war any more than we do. Her only endeavour is to get other nations to join in a movement for peace. I feel that we should support the Government of this country in

regard to this matter, even if we do not agree with it on others, and we should uphold the Minister of National Defence. He is human, and has failings, no doubt, as we all have, and in a matter of this kind we should endeavour to avoid harsh criticism. It is a well-known fact that but for the publicity which Canada has received during the past six or eight months by reason of an article in a Toronto magazine, this country, which needs business so badly, and which has men out of work and factories working half time or quarter time, would have received from Great Britain, not tens of millions, but hundreds of millions of dollars of business. But it has gone to Australia. On such an important matter as this we should all be able to get together. We can get together on some things. Why can we not get together on something of vital importance to the people of Canada? Let us do what we can to show the other nations of the world that Canada is united, and that while she hates war—because war is hell—once the necessity arises every man and woman in Canada will do his or her duty by Canada and by the Empire.

Hon. Mr. GRIESBACH: If nobody else wishes to speak, I will close the debate.

Hon. Mr. DANDURAND: Perhaps the honourable gentleman would move the adjournment of the debate.

Hon. Mr. GRIESBACH: I am ready to go on now.

Right Hon. Mr. MEIGHEN: I move the adjournment of the debate. I hope honourable members will not think I intend to deliver a long speech on this subject.

The debate was adjourned.

PRINTING OF PARLIAMENT REPORT OF JOINT COMMITTEE

Hon. Mr. WHITE moved concurrence in the first report of the Joint Committee on the Printing of Parliament.

Hon. JAMES MURDOCK: Honourable senators, I asked yesterday for the postponement of the adoption of this report until we had had an opportunity to look it over. To-day, after having looked over a printed record of some twenty pages, I wonder whether, without too much trouble, we could not secure a great deal of information by means of the inclusion in this report of a little more than is printed. I quote one item for ready reference. It is No. 288, which reads as follows:

Return showing:

1. The total expenditures on defence by Canada for each of the years 1921 to 1938.
2. The total strength at present of officers, non-commissioned officers and men of Canada's (a) militia and permanent force, (b) air force, (c) navy.
3. What Canada's navy consists of, and where it is located at present.

The point I want to make is this. If immediately below these three questions there were printed the answers, which were given in another place, the information would be of great value to us in connection with the subject of the national defence of Canada.

The same remarks would apply to a number of other items. It may be that some of the answers are too voluminous to be printed, but in the case I have cited the information would be valuable to every member who has had under consideration the subject of national defence. I wonder whether, another year, the Joint Committee on Printing would not take under advisement the possibility of giving this House some of the information that is given in another place in regard to these returns.

Hon. Mr. WHITE: I may inform my honourable friend that the information is available. It can be secured by simply making application to the proper source.

Hon. Mr. MURDOCK: I know that. I have already made application for four or five of these returns, and have them in my hand now. My thought is that if we had the answers, which would not take up any more space than the questions, the information would be in such condensed form as to be more valuable than the papers covering the answers. It seems to me it would simplify the matter.

Hon. Mr. WHITE: It is for the committee to decide. When an item comes before the committee any member of the committee has a right to request that it be printed. I think the committee is to be commended for its attitude. It has endeavoured to keep down expense, and to avoid the printing or publishing in pamphlet form of documents which, as we all know, have been distributed promiscuously in the past at a tremendous cost to the country. That is the reason why the committee has taken the attitude that this information, which is available, should be produced by application to the proper authority.

Hon. Mr. MURDOCK: I am only pointing out that if fifteen or twenty senators were to ask for copies of the answers to questions

set out in some of these returns—for example, No. 288—it would cost more to typewrite or mimeograph the answers than to have them printed right below the questions where they appear in our Minutes. I am making these remarks merely by way of a suggestion, which I would ask the committee to consider next year.

Hon. Mr. WHITE: I would suggest that my honourable friend become a member of the committee next session—

Hon. Mr. MURDOCK: No, thank you.

Hon. Mr. WHITE:—and then he would be able to designate returns with respect to which he thought answers should be printed.

The motion was agreed to.

BANKING AND COMMERCE COMMITTEE

On the motion to adjourn:

Hon. Mr. DANDURAND: I would remind members of the Standing Committee on Banking and Commerce that it will meet immediately after the Senate rises.

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

THE SENATE

Thursday, May 11, 1939.

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

Prayers and routine proceedings.

PENSION BILL

THIRD READING

Bill 6, an Act to amend the Pension Act.—Hon. Mr. King.

WHEAT CO-OPERATIVE MARKETING BILL

THIRD READING

Bill 82, an Act to encourage the co-operative marketing of wheat.—Hon. Mr. Marshall.

AGRICULTURAL PRODUCTS CO-OPERATIVE MARKETING BILL

THIRD READING

Hon. DUNCAN McL. MARSHALL moved the third reading of Bill 89, an Act to Assist and Encourage Co-operative Marketing of Agricultural Products.

Hon. Mr. MURDOCK,

Right Hon. Mr. MEIGHEN: I think it should go on record that the Bill respecting the marketing of wheat and the Bill respecting the marketing of other farm products are in the opinion of Counsel for this House invalid on constitutional grounds, and that in this opinion at least certain members of the committee agree. I am not objecting to the Bills passing.

Hon. Mr. DANDURAND: I might add that our Counsel speaks of the constitutional invalidity of these Bills in relation to a late judgment of the Privy Council, which he hopes may be revised one of these days.

Right Hon. Mr. MEIGHEN: That is right.

Hon. Mr. FARRIS: I do not know how far individual members are bound by the opinion of Counsel—

Right Hon. Mr. MEIGHEN: Not at all.

Hon. Mr. FARRIS:—but I should like to go on record as saying that in my opinion the Bill is not unconstitutional.

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

CANADA'S RAILWAY PROBLEM

REPORT OF SPECIAL COMMITTEE

Right Hon. GEORGE P. GRAHAM presented the report of the Special Committee appointed on March 30, 1938, to inquire into and report upon the best means of relieving the country from its extremely serious railway condition and financial burden consequent thereto.

He said: I suggest that the reading of this report be dispensed with, and that the report be placed in Hansard, to be taken up to-morrow.

REPORT OF SPECIAL COMMITTEE ON THE RAILWAY SITUATION

Thursday, 11th May, 1939.

The Special Committee of the Senate which was appointed on March 30, 1938, to inquire into and report upon the best means of relieving the country from its extremely serious railway condition and the financial burden appertaining thereto begs leave to make its third report as follows:

The committee made an interim report on June 30, 1938, after having held 43 sessions and examined 31 of the principal officers of the two railway systems. With a view to complet-

ing the inquiry the committee was re-appointed on March 7th of this year, since which time it has held eleven sessions and examined fourteen further witnesses. The proceedings of the committee, as recorded during the session of 1938 and to date during the present session, covered 1,903 printed pages, and 106 exhibits bearing on the problem have been filed with the committee.

The submissions to the committee have been of great value and interest to the members, and have served to enlighten the country at large upon this very important question. As a result of the inquiry, it is possible that the Canadian people have acquired another view—possibly a totally different view—as to what our National Railway property stands for in the life of the Canadian people. To many it has no doubt seemed that our National Railways have been, as it were, a drag upon Canadian progress because of the deficits. To many Canadians it will doubtless be news that the Canadian National Railways have no operating loss and that the deficits, about which so much has been heard and which admittedly have such a serious effect upon our national finances, pertain entirely to interest charges due public investors and relate for the most part to former privately-owned lines which the government took over and continued in operation in the national interests. It is important also to bear in mind that the interest referred to is guaranteed by the Government of Canada and is a continuing obligation regardless of what disposition be made of the National lines.

The committee was impressed with the large measure of public service rendered by the Canadian National Railways in the interests of pioneering and development, the cost of which is included in the deficits referred to. These services are of great value in the economic development of the country, but cannot be operated at a profit from the purely railway standpoint. It is felt that it would be disastrous policy to attempt to eliminate railway deficits by the withdrawal of essential railway facilities.

There was exhibited before the committee a large scale map, indicating that out of a total of 21,972 miles of line in Canada, and on a traffic level equal to 1937, 4,034 miles earn enough to pay operating expenses, taxes and interest charges, 4,087 miles pay operating expenses, but fail to earn sufficient to fully meet taxes and interest, while 13,851 miles fail to earn enough revenue even to pay operating expenses. From this it will be noted what a large percentage of non-paying Canadian National mileage has to be carried by the paying or marginal lines. Nevertheless the marginal and the non-paying lines make a valuable contribution to the national life of Canada, which contribution cannot be measured by the yardstick of ordinary business returns. It has been utilized as an instrument of national development and obliged to operate extensive mileage for reasons of national policy.

The committee was impressed also with the great potential value attaching to National lines which are located so as to make possible the development of the immense mining and forest areas of Northern Canada. The National Railways are splendidly located for the future development of the Dominion, and if the evidence taken by the committee should do nothing more than direct attention to the potential value of the National Railways to the future of Canada it will have served a useful public purpose.

In like manner, the evidence placed before the committee has been illustrative of the value to the Dominion of the Canadian Pacific Railway system. What the Canadian Pacific has meant to Canada, both at home and abroad, is, your committee feels sure, appreciated by all thinking Canadians. It has shown courage and enterprise, has had a major share in the development of Western Canada, and Canadian Pacific service has been a credit to this country in all parts of the world. The financial reputation of the Canadian Pacific has been equally high, and no other field of investment in normal times seemed to offer greater opportunity. In that way, the Canadian Pacific has attracted to the Dominion much capital from all parts of the world, and the credit of that company has been second only to that of the Dominion itself. That the earning power of the Canadian Pacific under present abnormal conditions has been so seriously impaired is no reflection upon the management of that company, but is largely due to world conditions from which its national rival and practically every railway on the North American continent have been suffering.

Notwithstanding this general situation, Sir Edward Beatty assured the committee, during its 1938 inquiry, that he was not alarmed over the outlook for the Canadian Pacific Railway. By strict economy that company has been able to survive the stress of recent years, and he looked forward with confidence to the future. It is satisfactory to note also that at the recent annual meeting of the Canadian Pacific shareholders, Sir Edward Beatty found it possible to state that it was his conviction that in spite of the difficulties which it faces, the Canadian Pacific is in a position to maintain its independent existence for years to come.

One prominent fact develops from the evidence adduced before the committee, namely, that the trend of railway transportation in Canada, as elsewhere, is steadily downward. That evidence shows that a comparison of the years 1935, 1936 and 1937 with 1923 indicates an appreciable increase both in production in Canada and in the volume of banking business, while, on the other hand, the gross revenues of the railways show a decline amounting to 26 per cent in 1937. This decline has taken place notwithstanding the fact that the population of Canada increased from approximately 9 millions in 1923 to 11 millions in 1937.

The principal reasons for that decrease may be attributed to the growth of competition on the highways, inland waters, and shipments through the Panama Canal. The major development of highway competition occurred between 1923 and 1937. During the same period purely Canadian traffic through the Welland Canal increased from 3 million tons to 11 millions, and purely Canadian freight through the Panama Canal from 1 million to 4 million tons annually over the period. At the same time, passenger traffic on Canadian railways declined also 50 per cent.

Evidence given to the committee indicated that highway competition is practically unrestricted as regards regulation, carries the cream of the traffic, and operates most effectively during the non-winter months. As opposed to this, the railways are extensively regulated, and must operate under all weather conditions. Because of these disadvantages to the railways, the Government has recently offered a measure of relief through the "agreed charge" feature of The Transport Act, 1938. By the provisions of this Act, the railways are

now enabled to make contracts with shippers on an "agreed charge" basis for through business. It is too soon to determine the possible effect of this new legislation upon the situation, but your committee is satisfied that the position of the railways to-day in the transportation field is quite different from that of 1923.

In the opinion of some members of the committee the emphasis which has been placed upon Canadian National deficits has from the outset of the inquiry placed our National Railway System in a somewhat false position before the public, who, previous to this inquiry, had no comprehensive knowledge of the development of the Canadian National System and the service it has rendered to the country. Unfortunately its debt and deficits seemed to stand as an indictment against its administration, and although Canadian Pacific business was also on the down grade, and was fighting its own battle, its contribution before the committee focussed entire attention upon Canadian National Railway deficits as though they were the cause of all our railway troubles. The psychology of this situation placed the Canadian National Railways in the position of having to defend and justify its administration.

The establishment of this committee followed a campaign of propaganda on behalf of unification which has been carried on by the President of the C.P.R. since the recommendations of the Duff Commission were placed upon the statute book. Though no evidence was produced before us tending to show that either of the two railways attempted to delay or impede co-operative action under the 1933 Act, we feel that in the very nature of things co-operation has been made more difficult to achieve while one of the parties has been engaged in a vigorous campaign to convince the public that the results of co-operation will be negligible and that unification is the only practical solution. We feel, further, that this campaign of propaganda has obscured the underlying problem of the adjustment of the railway industry to the changed conditions brought about by the development of highway transport. Your committee is of opinion that the problem created by highway transport is one which will require much study to co-ordinate the new and the old agencies of transport so as to obtain the maximum economic advantages of both. A very considerable part of the Canadian railway problem arises from this veritable revolution in the art of transportation.

The chief proposal under consideration was that of the Canadian Pacific Railway for the unification of the two railways, it being contended on behalf of that plan that savings of \$75,000,000 annually could be made for the combined properties on a 1930 traffic level, or of some \$56,000,000 to \$59,000,000 on a 1937 traffic level. The committee inquired closely into these possibilities, from which it appeared that only a portion of the savings could be definitely measured, and these applied more particularly to road abandonments which, in the judgment of the committee, could not be made.

Details of other savings relating to the closing of shops, stations and other facilities, as well as reduction of train services, were not disclosed by the Canadian Pacific. Thus it was impossible for the committee to give consideration to the proposals included in the larger sphere of savings, and the reluctance of the Canadian Pacific to divulge this vital information because of possible public reaction did

not assist the committee to reach a conclusion favourable to unification.

This lack of vital information was not confined to estimated savings, but, as was developed during the 1938 sessions of the committee, was apparent as well in the consideration of the possible distribution of joint savings between the Government and the Canadian Pacific, when the committee was unable to ascertain from representatives of the Canadian Pacific Railway, except in general terms, how joint net revenue under unification would be divided. Further leading questions to the Canadian Pacific in relation to financial matters under unification, such as new capital requirements, refunding of Canadian Pacific maturing obligations in the event of unification, and the inevitable pledge that the Government would be obliged to give in connection with the new borrowings, all remained practically unanswered.

In other respects also objections appeared to the committee to the adoption of unification, it being felt that any form of unification which attempts to preserve within one administration the principles of private and public ownership would be unworkable, the state being bound to become involved financially, with the result that it would be impossible afterwards to unscramble the properties and revert to the status quo. The adoption of such a policy would, in the opinion of many members of the committee, lead inevitably to government ownership of all Canadian railways. There was the added danger, referred to by the Duff Commission, which would be involved in setting up a railway monopoly in Canada—a state within a state. In view of these considerations your committee feels that unification cannot be recommended as a measure of public policy.

In view of this your committee explored as thoroughly as possible the alternative of co-operation. It was contended by officials of the National Railways that all savings practicable of attainment could be secured under a policy of enforced co-operation, with respect to which it was held that savings of from \$10,000,000 to \$15,000,000 might be effected, even under present depressed condition of railway transport. Nevertheless, some members of the committee felt that greater savings than these might be secured from unification if the people of Canada were prepared to pay the price of such drastic curtailment of railway services, with attendant disabilities from the national and public standpoint, as has been already alluded to.

It is recognized by your committee that the adoption of co-operative measures has been disappointingly slow. The recommendations of the Duff Commission, which, it is generally agreed, was a most excellent commission, have never in fact been applied in a practical sense, and there is reason to feel that considerable economy can be secured from co-operation if it is approached earnestly and with a will to accomplish results. Your committee sees no reason why duplicate services and duplicate facilities could not be dealt with effectively by co-operation, and it is not considered advisable to modify the terms of the Canadian National-Canadian Pacific Act, 1933, except as regards dismissal compensation for employees, until the possibilities of the present Act have been more thoroughly ascertained. In any event, your committee feels that the facts which it has brought to the knowledge of the public as to the slow progress of co-operative plans to date have had a valuable effect in stimulating both

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railway systems to further efforts in this direction. We have recently been advised that a number of important plans for co-operation are now under study, including a proposal for a complete pooling of all competitive passenger train services throughout the country, which offers an opportunity for important economies.

Complaint has been voiced by members of the committee that, though five years have elapsed since co-operation as a measure of government policy became effective, so little has been accomplished. That criticism would seem to lose sight of the fact that even under unification five years and more would be required to secure expected results.

The evidence submitted to the committee makes it clear that Canada's railway problem cannot be solved at one stroke. Any attempt to solve it by drastic measures may be expected to produce even greater problems on account of the disturbance to communities served, because railways in most of Canada are and will remain an essential part of the country's transport facilities. The committee feels that the situation may be ameliorated by co-operation aimed at elimination of duplicate services where no essential public interest is involved. A further amelioration may be expected as the economic spheres of railway and highway transport become more clearly defined and the competition between them is placed upon a fair and equitable basis of regulation and taxation. This is the general problem which is actively engaging the attention of governments not only in Canada, but in the United States and Great Britain.

The committee has looked closely into the suggestion of the Canadian Pacific Railway that the evidence before the committee be submitted to a firm of railway engineers and accountants of high standing, free from all interest in either railway system, to the end that such firm may study such evidence and especially its practical railway engineering and accounting features, and make such physical examination as it may deem necessary, with a view to making a full report as to what in the judgment of such firm would be the amount of savings which could be effected by a system of unified management, and to what extent, if any, such savings would entail an impairment of services to the Canadian people.

After due consideration, the committee reached the conclusion that the proposed reference to an outside body was not practicable in view of the fact that the essentials of the problem are not alone of railway practice, but involve questions of broad national policy, which have to be decided upon by the Canadian Parliament and its executives. Such responsibilities cannot be delegated.

The committee, however, would recommend that the evidence submitted and the exhibits filed be reported, and thus made available to all who may be interested in the Canadian transportation problem. It is felt that much valuable evidence has been added to the public record. It brings up to date the record made available in the first instance by the report of the Drayton-Acworth-Smith Commission of 1917, and so greatly added to by the Duff Commission of 1931-32. That Commission went more fully into the railway question than it has been possible for this committee to do. The membership of the Duff Commission included one of the leading successful railway executives of the United States, as well as the man who is now chairman of the London (England) Passenger Transport Board. That Commission, which made a physical examina-

tion of the principal properties of both railway systems, took occasion to close its report as follows:

"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."

The recommendations thus referred to were embodied in the Statutes of Canada, but their working out has not been assisted by a desire of one of the railways to impose upon the people of Canada a policy rejected by the Duff Commission for the same reasons which compel this committee once more to reject unification as a measure of national policy. In the opinion of the committee it is in the interest of the railways and of business generally that the uncertainty resulting from the Canadian Pacific agitation for unification be ended by frank recognition of the fact that unification of the railways is not possible of adoption, and that further and more serious attempts should be made to give effect to the letter and the spirit of the Canadian National-Canadian Pacific Act of 1933, the two railways to agree between themselves to a referee—preferably the Chairman of the Board of Transport Commissioners—for the adjustment of such differences as may arise concerning co-operative policies. That, in the opinion of the committee, offers the only practical course looking to the improvement of our present railway difficulties.

The committee is of the opinion that this adjustment of differences with respect to co-operative measures can be accomplished within the confines of the 1933 Act which, for the purposes of effecting economies and providing for more remunerative operation, directs both railways to agree, and continuously to endeavour to agree, upon such co-operative measures, plans and arrangements as are fair and reasonable and best adapted to effect such economies. As to the selection of a referee, that legislation provides that the Chief Commissioner of the Board of Transport Commissioners shall be presiding officer of any arbitral tribunal, to which each railway shall appoint a representative, and on matters of sufficient importance two additional members may be appointed by the President of the Exchequer Court, or a judge of the Supreme Court of Canada. This provision of the Act has never yet been set in motion, though it may be invoked at request of either company. There, ready at hand, is all the legislation necessary to give effect to the committee's recommendation that the Chief of the Board of Transport Commissioners act as referee in the event of either railway company declining to consider a co-operative proposal emanating from the other railway.

In concluding its labours, the committee extends its thanks to the officials of the two Canadian railway systems and the various other witnesses who have appeared before it; it also desires to express its appreciation of the services of Colonel O. M. Biggar, K.C., the committee's counsel, for his valuable assistance in facilitating the work of the committee. The services of the joint secretaries and reporters also have been of the highest character.

All which is respectfully submitted.

Geo. P. Graham
C. P. Beaubien

Joint Chairmen.

The Hon. the SPEAKER: Consideration at the next sitting of the House.

Hon. Mr. MURDOCK: I should hope, as a member of the special committee, that rule 23 would be observed in connection with this report. There are two or three important documents that I have heard read, but have not before me, and I certainly should like to have them, and also an opportunity of reading and digesting them, before attempting to discuss this subject.

Hon. Mr. DANDURAND: In what respect does rule 23 apply? I have not the rule before me.

Hon. Mr. MURDOCK: It provides for two days' notice for the adoption of the report of a special committee.

The Hon. the SPEAKER: Carried.

Right Hon. Mr. MEIGHEN: What is carried?

Hon. Mr. DANDURAND: The motion is that the report be taken into consideration to-morrow.

Right Hon. Mr. MEIGHEN: That is carried.

Hon. Mr. MURDOCK: I understand that unanimous consent is required, and, much as I dislike to do so, I am asking the privilege of having an opportunity to read certain documents which I have heard read, but the text of which I have not before me. Rule 23 provides that two days' notice must be given of a motion for adoption of a report of any special committee.

Right Hon. Mr. MEIGHEN: I should like to see the present motion carried, though I am quite conscious that cannot be done without unanimous consent. I really have to call attention to the fact that in committee this morning, after disposition was made of this report now before the House and of a report of other members of the committee, there was discussion as to the necessity of getting on with this debate before we reach the crowded hours at the end of the session; and

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without any expressed disagreement on the part of any member of the committee it was decided there that we should endeavour, of course with the approval of the Senate, to have the debate commence to-morrow. Therefore I am somewhat surprised that there should be an objection now. I hope it will be removed. I know that I have a good deal of material to read, which I must get through as best I can. We all have to read a lot of material at this stage of the session in order to do anything like justice to our work.

Hon. Mr. MURDOCK: I should have had no objection to the motion if I had had before me the text of the proposed report as read by the right honourable gentleman before the committee yesterday. If I could get a copy of that text even now, I should be satisfied.

Right Hon. Mr. MEIGHEN: I can let my honourable friend have a copy within a few minutes.

Hon. Mr. MURDOCK: I should also like the text of the committee's report as it was amended this morning. I know it will be on the record to-morrow, but I should like to have some chance of considering it before then.

Right Hon. Mr. MEIGHEN: I can give the honourable member within five minutes a copy of the report that I read before the committee.

Hon. Mr. HAIG: That is in the printed report of the proceedings, which is now in our boxes. I have got my copy.

Right Hon. Mr. MEIGHEN: I will have a special copy in the hands of the honourable member from Parkdale (Hon. Mr. Murdock) within a few minutes. I express my extreme pleasure that he is so interested in that report. I hope he will read it—and read it several times.

Hon. Mr. MURDOCK: I will.

The motion to take the report into consideration at the next sitting of the House was agreed to.

FARMERS' CREDITORS ARRANGEMENT ACT

DISCUSSION

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

Inasmuch as we are not likely to have the annual report of the administration of the Farmers' Creditors Arrangement Act for the last fiscal year in time to discuss it this session, and inasmuch as we have already received some

figures in regard to the administration of said Act for the year 1938-39, the consideration of which would probably give the Government and Parliament information which they should have at as early a date as possible, I therefore give notice that I shall on Wednesday next call the attention of the Senate to the interim figures which were furnished, to their implications, and to some other features of the administration of said Act.

He said: Honourable members, my reasons for wishing to say a few words to the House at the present time are briefly set out in my notice on the Order Paper. I know it is hard for members from the other provinces of Canada to realize fully how the Farmers' Creditors Arrangement Act has been administered on Prince Edward Island. And the end is not yet, nor will it be for some time. I shall not weary the House with details, but shall touch upon some of the high spots only, and hope that from these honourable members will be able to realize what the details must be like.

For the fiscal year ending the 31st of March, 1937, the last period for which we have full returns, it cost the Government to administer the Act on Prince Edward Island \$36,489.03; in New Brunswick, \$26,177.26, and in Nova Scotia, \$4,957.26. These figures are taken from the Auditor General's report. In New Brunswick there are three times as many farmers as on Prince Edward Island, and in Nova Scotia a little over two and a half times as many. Taking the agricultural population of the three provinces into account, the cost of administering the Act in the Island province would be four and a half times as great as in New Brunswick, and eighteen times as great as in Nova Scotia.

But that is not all. According to an answer given by the Government to the honourable senator from Cardigan (Hon. John A. Macdonald), which will be found on page 162 of *Unrevised Hansard* of May 5 last, the three official receivers on Prince Edward Island obtained for their services in 1937 \$4,019.11, and in 1938 they obtained \$8,905.08, or a thousand dollars more than twice as much. Now let us remember that the official receivers are the men who initiate all proceedings under the Act. Everything else depends upon and bears a relation to what these men begin. Therefore it is reasonable to assume that if the cost under this head was more than double what it was for the preceding year, it would at least be doubled under all the other heads. This brings the probable cost of administration of the Act on Prince Edward Island for the year 1938 to nine times what it was in New Brunswick, and thirty-six times what it was in Nova Scotia.

Hon. Mr. POPE: You must have a crooked bunch down there.

Hon. Mr. HUGHES: I do not know what amount of property was taken from one class of people on Prince Edward Island and given to another class; the administrators of the Act say it was large; but I do know that in some instances, at least, the creditors were in more needy circumstances than the debtors.

Right Hon. Mr. MEIGHEN: Hear, hear.

Hon. Mr. HUGHES: This fact did not, however, weigh with the administrators. When it came to giving away other people's property their generosity was boundless, and when it came to making up their own expense accounts their kindness to themselves was phenomenal, as the previously mentioned figures and estimates will show.

In this connection an incident occurred in the Banking and Commerce Committee about a year ago, which should be related. Mr. H. F. Gordon, director or manager of the Act at Ottawa, was before the committee, giving evidence. I asked him to tell the committee what his duties were. He said that part of them was to check the expense accounts that came in from the administrators of the Act in the several provinces, and to see that they were properly made up. I asked him if he had ever found any of these accounts to be too large, and he told me he had so found, and had to reduce them accordingly. I then asked him if he had ever found any of them to be too small, and he told me that he had so found, and had to see that they were increased accordingly. These questions and answers did not appear to convey much significance to the great majority of the members of the committee, but to me they were very revealing, because of what I already knew.

Another incident occurred just a year ago, which should be mentioned. A bill was before the Senate to amend the Farmers' Creditors Arrangement Act of 1934. The honourable leader of the House (Hon. Mr. Dandurand) read a memorandum which had been prepared by Mr. H. F. Gordon, director of the Act at Ottawa, designed to show business conditions on Prince Edward Island, and the practical slavery in which the farmers of that province were being held by the merchants. The honourable leader read that memorandum, frankly declaring that he did so in order to influence the attitude of the members on the pending bill. Now, what will be thought of the situation when I re-declare and reaffirm to the members of this House that the statements in that memorandum in respect to

Prince Edward Island were viciously, maliciously, and absolutely untrue, and even idiotically untrue.

Hon. Mr. DANDURAND: Poetically?

Hon. Mr. HAIG: Explain.

Hon. Mr. HUGHES: I could explain, but it would take quite a little while.

When I was properly characterizing that memorandum, the honourable senator from Queen's (Hon. Mr. Sinclair) came to its defence, saying that he endorsed every statement in it, and declaring that the administration of the Act on Prince Edward Island was being honestly and properly carried out.

There is another feature of this business which must not be overlooked, and which will show that a proper administration of the Act could not be expected on Prince Edward Island, because of the type of officials appointed. One of the administrators had been removed from the Bar Society of the province for offences which I shall not mention, and was afterwards appointed to this lucrative position under the Crown. He was not disbarred for teaching Sunday School. This man must have been recommended to the Minister or Department of Finance by some person or persons on the Island, who had the power and the right to make such recommendations, and I feel sure that the honourable senator from Queen's (Hon. Mr. Sinclair) is acquainted with that person, or those persons. This man was and is one of the official receivers under the Act, and all reports go to show that he has been a very busy official since his appointment. In fact, so busy was he, soliciting new business during the summer and fall of 1938, that he employed an assistant, and I should, I think, recount some of the activities of both men. I have been told that they travelled through the country, interviewed farmers and got many applications because of this soliciting.

Right Hon. Mr. MEIGHEN: Was the assistant disbarred too?

Hon. Mr. HUGHES: No. The assistant was not a lawyer.

Hon. J. A. MACDONALD (Richmond-West Cape Breton): Was he a merchant?

Hon. Mr. HUGHES: I shall give the particulars of one case, namely that of Mr. Fred Cheverie, of East Point. Mr. Cheverie borrowed two hundred dollars from A. F. McQuaid, Barrister, Souris, P.E.I., giving a mortgage on his farm of 208 acres as security for payment. The interest was at the rate of 7 per cent per annum. Some time last fall a man representing himself to be a Government official called upon Mr. Cheverie and

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informed him that if he would make application under the Farmers' Creditors Arrangement Act, his interest would be cut to 5 per cent or less, and that he would get whatever time he wanted to pay the principal; and further, that the application would cost him (Cheverie) nothing. On the 21st of December, 1938, Mr. Holmes notified Mr. McQuaid, the mortgagee, that Fred Cheverie had made an application to have the interest on his mortgage reduced, and that the case would be heard in Holmes's office in Charlottetown on the 31st of December, at 11.30 a.m. Mr. McQuaid immediately wrote Cheverie, expressing surprise that he had made application to any official of the Farmers' Credit Arrangement Act for a reduction in interest, when he (McQuaid) would have made a reduction if Cheverie had asked for it. I shall read Cheverie's letters to McQuaid explaining matters, and I shall read the declaration which Holmes said Cheverie made before him on the 10th of November, 1938.

This is Cheverie's first letter to Mr. McQuaid:

January 2, 1939.

Dear Sir:

In regard to your letter which I received a few days ago, I think you are under the impression that I was into Charlottetown and raising the dickens about getting my interest rate lowered. Well, I want you to believe I did nothing of the kind, for I have found you always reasonable in our business relations.

One day in the fall when I was busy threshing, a fellow drove along and asked me if I would like to have my interest rate lowered. He went on to say that he was a Government man sent around to those people owing mortgages to tell them he could get their rate lowered and of course I told him if everyone else was having theirs lowered I might as well have mine also and that was all I ever thought or heard about it till I got your letter a few days ago. As I said before, I have always found you very reasonable in our dealings and I hope we will continue that way.

Wishing you a very happy, healthy and prosperous New Year, I remain

Yours truly,

Fred Cheverie,
East Point.

On receipt of this letter Mr. McQuaid wrote Cheverie asking for the name of the man who had called on him. This is Cheverie's letter in reply:

January 12, 1939.

Dear Sir:

I received your letter a few days ago concerning this mortgage reduction affair. I don't remember what the "guy's" name was who was talking to me. I never was to Ch'town.

He means he was not there during that fall.

He just took a book with a list of names and he took mine with the rest. I was threshing for a neighbour the day he was around. I suppose

I should have turned a deaf ear to all his talk, but some of those fellows are so darn slick they get around you before you know it. The very first time I am in Souris I will call and see you and we can talk it over.

I remain,

Sincerely yours,

Fred Cheverie,
East Point, P.E.I.

This is the notice to creditors which was sent to Mr. A. F. McQuaid:

Form J

The Farmers' Creditors Arrangement Act, 1934
Notice to creditors

In the matter of a proposal for a composition, extension or scheme of arrangement of Frederick Cheverie of Elmira, Farmer.

Take notice that Frederick Cheverie, residing in the county or district of King's, in the Province of Prince Edward Island, has submitted to me for the consideration of his creditors a proposal for a composition (or extension of time or scheme of arrangement). A general meeting of creditors will be held at 130 Richmond Street, Charlottetown, on the 31st day of December, 1938, at the hour of 11.30 o'clock in the forenoon.

Dated at Charlottetown this 21st day of December, 1938.

Official Receiver.

And this is the declaration which Cheverie is supposed to have made before Gordon R. Holmes:

I, Frederick Cheverie of Elmira, in the county or district of King's in the Province of P. E. Island, do solemnly declare that the above statement—

—that he cannot meet his obligations unless he has a reduction of interest and extension of time—

—gives to the best of my knowledge and belief a full, true and complete statement of my affairs on this 10th day of November, 1938, and fully discloses all my property, and I make this declaration knowing it to be of the same force and effect as if made under oath and by virtue of the Canada Evidence Act.

(Signed) Frederick Cheverie.

Solemnly declared before me at Charlottetown in the county or district of Queen's in the Province of P. E. Island this 10th day of November, 1938.

(Signed) Gordon R. Holmes,
A Commissioner, etc.

Proposal

To my secured creditor I propose the mortgage be extended for a period of 5 years with interest at the rate of 5 per cent per annum, to be due as at present due date.

Cheverie has 208 acres of land, 60 acres of which are under cultivation, the rest, I presume, being woodland. The farm is in a fair state of cultivation. He has a full supply of farm machinery and is a farmer in fair circumstances. All he owed was this mortgage of \$200.

An Hon. SENATOR: A very lucky man.

71498—24

Hon. Mr. HUGHES: He was a lucky man. He was brought under this Farmers' Creditors Arrangement Act and, I understand, got a reduction in interest of 2 per cent a year, or \$4. The mortgagee would willingly have given him this accommodation. The transaction will cost the Government of Canada three or four times the reduction that Cheverie will get in five years. Is it any wonder the administration of the Act is costing money in Prince Edward Island when it is in the hands of men of the kind I have indicated? If my information is correct, they will continue to administer the Act for some time.

I have a letter from Mr. McQuaid to Mr. Holmes, drawing Mr. Holmes's attention to the fact that Cheverie was not in Charlottetown when he is supposed to have made before Holmes the declaration which I have placed on Hansard. Holmes said he was so busy last summer and fall taking applications because of the impending termination of the Act on December 31 that perhaps he made a "few mistakes," but, if so, he would rectify them, as lawyers never took advantage of one another.

I understand that if a magistrate, or a Government official empowered to take sworn declarations, prepares and signs a bogus declaration in which he is personally interested, he commits an offence against the Criminal Code, punishable by severe penalties. I think that this matter and the whole administration of the Farmers' Creditors Arrangement Act on Prince Edward Island should be investigated. I have statements from many farmers showing how they were importuned last summer and fall to come in under the Act and help themselves financially, but if what I have already related is not sufficient to open the eyes of the departmental officials at Ottawa who are Mr. Gordon's superiors, as to how they have been deceived by the racketeers on Prince Edward Island, they are blinder than Bartimeus was, and have great need of a surgical operation, or a miracle.

We are shocked, and I think rightly so, when we read of some of the things that are done in Alberta under provincial legislation and by provincial officials, but our complacency does not appear to be much disturbed when we hear of the things done under federal legislation and by federal officials on Prince Edward Island. Is it because the things done on Prince Edward Island appear to have the support of judges and of at least one senator? Last year, when the senator from Cardigan (Hon. Mr. Macdonald), the senator from Prince (Hon. Mr. MacArthur) and myself were trying to get some stop put to what was being done on the Island, the senator from Queen's (Hon. Mr. Sinclair)

told us that we were powerless; that all we could do was to make a noise; that the racket would go on. And it not only went on, but during the summer and fall months became greatly intensified; which proves that the senator from Queen's knew what he was talking about, and that the increased activity was no accident. It is still going on. The whole machinery is still in existence, and under pay, I suppose. On the 5th of last month the honourable leader of the House (Hon. Mr. Dandurand) told the honourable senator from Cardigan (Hon. Mr. Macdonald) that even the official receivers were still at work on the details of the applications they had received months before; and on the 28th April he told the honourable the senior senator from Westmorland (Hon. Mr. Black) that he hoped the payments to the official receivers would soon be stopped. The whole thing has become a public scandal, and it never could have attained such proportions if it had not received active support from Ottawa. I thought it my duty, even at this stage of the game, to lay these few facts before the House, because I believe that if public opinion does not take hold of this thing similar rackets will be tried.

Right Hon. ARTHUR MEIGHEN: Honourable members, I take occasion to read from a communication I have received on this same subject from a practising barrister in a relatively small town in Manitoba. He has been there, I should judge, for anywhere from forty to fifty years. He is well known, and his reputation is well known to every senator from the province. This letter is, I think, the only one I have ever had from him in my life. I just read extracts:

As you are not practising in Manitoba, I do not suppose you have any idea what a disastrous effect such legislation as the F.C.A. Act, Debt Adjustment Acts, etc., have had on the business morality of some people. Before such legislation was in force there were those whose word could be relied on to carry out a promise. Now it is not a question of how a farmer can pay his debts, but what he can get out of. Consequently the credit of the farmers has been destroyed.

Now I read of an incident for which he vouches:

For instance I know of one farmer who had a \$31,000 mortgage reduced to \$14,000 and extended over a long period. Within a few weeks the farmer purchased a new car, and the whole family went to California for the winter. This is only one of many cases that has come under my own personal observation.

Hon. Mr. DANDURAND: While listening to the statement from Prince Edward Island I was thinking of the distressful situation of my right honourable friend (Right Hon. Mr. Meighen), and I have come

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to the conclusion that he is quite justified in expressing repentance at having passed such a law.

Right Hon. Mr. MEIGHEN: I have expressed repentance, and my conduct is in accordance with my words.

STATE OF CANADA'S DEFENCE

DISCUSSION CONCLUDED

The Senate resumed from yesterday the adjourned debate on the question proposed by Hon. Mr. Griesbach, calling the attention of the Senate to the state of the defence of Canada.

Right Hon. ARTHUR MEIGHEN: Honourable members, I rise not to make what I should consider a contribution to the debate on our foreign relations, but for a more special purpose. As to the general question of our defence, I have many times expressed my views on the principles which should govern. I have often done so in this House, over a period of many sessions, and since the last of those occasions I have spoken in the country at two or three events. I have refrained from further statement here, especially during very serious emergencies which on at least two different occasions have come upon us, just for fear something I might say would make it more difficult for the Government to take the right and proper course. It was my sincere desire to contribute as best I could—and I thought in late months I could do it best by silence—to the formulation of sound policy on this critical and momentous subject.

I speak to-day only because I am eager to record my appreciation of the address delivered yesterday by the honourable senator from Lunenburg (Hon. Mr. Duff).

Some Hon. SENATORS: Hear, hear.

Right Hon. Mr. MEIGHEN: That address revealed him to me in a light which I always thought he was entitled to enjoy—as a British subject in thought and in heart, a man who understands the advantages, and the obligations as well, entailed by our membership in this Empire. The honourable senator from Lunenburg revealed to me that on this, the biggest of all questions, his heart is true; his mind comes to its conclusions not under motive of prejudice or fear, nor under the influence of a desire for immediate pleasure and comfort, but rather, after taking a long-distance view of the true interests of his country, in the light of common sense.

I was indeed pleased to hear him say that our mere aversion to war cannot of itself

determine our specific course. Our determination has to be governed by factors beyond our control. Aversion to war may be a virtue, and if so it is one virtue we all possess; but it gets us nowhere in the determination of what we must do if war comes—war of a nature and magnitude to affect us.

I was glad also to hear the honourable gentleman say that he believed it foolish at this time for us, or for anybody, to say, "Thus far we will go and no farther." War is not a luxury. It is not, as some people seem to conceive, a species of indulgence in which it is forgivable to engage, provided we participate only to the extent of our means. Such is not the nature of war. I like the spirit of a man who says there is no war worth entering upon which is not worth fighting out to the last ditch.

Some Hon. SENATORS: Hear, hear.

Right Hon. Mr. MEIGHEN: It was also cheering to hear him say, "We cannot assume to ourselves any exclusive virtue because we are haters of war"; to hear him acknowledge that Great Britain is just as anxious to avoid conflict of the character that hangs over us now as it is possible for any people in this world to be. I doubt not, and I acknowledge with absolute sincerity, that France is equally anxious with Great Britain, and that both are ready to go the same length, which is the whole length of honour and the right of survival, in avoiding the horrors of a conflict.

The honourable senator from Lunenburg can pound and pummel me all he likes for isolated statements I have made, but when he shows the kind of spirit he showed yesterday I will not only forgive him, but will look him in the eye and honour him.

Some Hon. SENATORS: Hear, hear.

Right Hon. Mr. MEIGHEN: There is one phase of his address I may mention, but only to the extent of a few sentences. He complained of lack of defence preparation until very recent times, since when, in his view, preparation has been accelerated. That there was a lack, I quite confess. In the light of to-day we could not justify the lassitude of a few years ago. That I also admit. We rested then, with the approval of all sections of our country, as Britain rested, and as in less degree France rested, on what we thought was the strength of a security inherent in a League of Nations. We have been forced reluctantly to accept the conclusion that we leaned upon a reed; that that league, without those cementing covenants which are so vital, bereft of the strong arm of great powers who remained without, has proved a

phantom as a preventive of war. But we in Canada have no right to complain, no right to point to any other land as contributing to the failure of the League of Nations. No League of Nations can be of value for the major purpose for which it was conceived without a certain sharing of sovereignty by its member powers, without a certain mutuality of obligation, extending even to the use of armed force. To maintain those very things in the League we contributed nothing at all. This country worked for their elimination, and any trace of them in the covenants of the League it did its part to disown. A League of Nations, a worth-while League of Nations, without commitments? Of that very thing we boasted for years, and idly, leisurely, we strolled along. Where, where is that League now? A British Empire, a worth-while British Empire, without commitments? Of that we are making boast to-day. One wonders if the time has not come when we had better look forward into the future and begin to think.

Some Hon. SENATORS: Hear, hear.

Hon. W. A. GRIESBACH: Honourable senators, if no one else intends to speak on this matter, I will avail myself of the privilege of closing the debate.

The point I want to emphasize in closing this discussion is that the need for rearmament was apparent in 1935 and was at its peak in 1936. Our knowledge of that fact could have been based upon the developments occurring in Europe. There was no escape from the information conveyed to us in 1935 and the beginning of 1936, that Britain was engaged in a great program of rearmament in order to cope with the situation then existing. Consequently we have had some three years in which to undertake a policy of rearmament.

It was obvious from the beginning that it was only from Great Britain or from our own industries and resources that we might get the equipment we required. Perhaps I should point out that, in the process of re-equipping, standardization of equipment is one of the most important objects to be attained. It permits of manufacture in every part of the Empire, and of the closest co-operation. Without standardization it is very difficult to co-operate in a military way.

As I say, it was clear that we must get our equipment either from Great Britain or from our own resources. We could not get it from Great Britain, for the simple reason that she was engaged in a great program of production for her own purposes and for a considerable period of time could have nothing to sell, lend, or give us. So, as far

back as the beginning of 1936 or the end of 1935, it should have been clear to the Government here that the only means of re-equipment was to make use of our own industries and our own resources.

When we contemplate the carrying out of such a program, several methods present themselves. One is complete manufacture by the Government; another is complete manufacture by civilian industry; still another, a judicious combination of the two. I think the Government have decided upon the policy of civil manufacture rather than Government manufacture, and with that I entirely agree.

If we were to embark upon a great program of Government manufacture, the end could easily be foreseen: when the task was finished we should have on our hands a great investment in armament factories, and a great trained staff which we must either retain in service or pension off. On the other hand, if we can build up in this country an armament industry based upon our secondary industries, upon our capital, our resources and our engineering skill, we shall have built up an industry which will more or less endure. Its output may be reduced, but the industry will remain. At this precise moment such an industry would contribute tremendously towards the relief of our unemployment problem, and the taxes that would be levied upon it would greatly augment the revenues of this country.

I say the Government ought to embark upon a policy of armament manufacture in this country. In a speech which he made the other day the Minister of National Defence told us, first, that he had secured a list of the equipment necessary, and secondly that he had placed an order for it in England to the tune of \$60,000,000. We know that since the placing of that order the institution of conscription in England and the policy of doubling the territorial forces have still further postponed the date of delivery of the equipment to this country. So even at this late date we ought to embark upon the inauguration of an armament industry, as it is the only means by which we can be equipped.

The question is, how can we go about inaugurating an armament industry in Canada to-day? I have looked into that matter. I have been assisted by a very knowledgeable person, and the advice which he has given me I will give as my own, and upon my own responsibility, lest I should fall into the error of reading a statement from a person whose name I am not prepared to give.

For a variety of reasons an armament industry cannot be established in Canada without the active intervention of the Domin-

ion Government. There are three ways in which the Government could bring about the establishment of such an industry if they would decide definitely to take a favourable stand. They could arrange for Canadian industrialists to make a direct approach to the British Government and offer to build and equip in this country the necessary factories and other plants to supply certain British requirements; and of course in that event permission would have to be given for export within the British Empire. That course can be recommended with a great deal of confidence, because the policy of the British Government is to establish manufacturing plants and reserves of supply wherever possible. They have strongly encouraged South Africa and Australia to embark upon armament enterprises. If our Government would interest themselves in bringing our industrialists together and in approaching the British Government, we might have an armament industry in this country, employing Canadian capital and Canadian engineering skill.

Any approaches to the British Government should be made by well established, strongly financed and properly experienced groups, so that no promotion or stock-selling complications would enter into the matter, and by individuals and concerns of international repute whose integrity and suitability would be unquestioned by the British Government. I do not think any honourable member will deny the necessity of such high qualifications on the part of those involved in an important matter of this kind.

The second or alternative way is for this Government to seek to have the British Government encourage British industrialists to establish in Canada plants for the manufacture of munitions. Under this plan, too, it would be necessary to permit export within the British Empire. Also, some supervisory staff might have to be sent over from England, and we might be required to make certain tariff concessions on the importation of heavy machinery from Great Britain or the United States.

The third method or plan is one for which I do not care very much, but we may be driven to it in the end. It is this: an attempt to induce American armament manufacturers to establish branch factories in Canada, so that we may build up an armament industry here.

Whichever of these methods is followed, the Government must decide definitely to take a leading part, not by putting up large sums of money, but by encouraging the establishment of plants, and certainly by placing

orders for the munitions we require in this country, as well as by co-operating to get orders from the British Government placed over here.

Now I come to discuss the Government's policy in this particular matter, so far as it can be learned. I draw attention of honourable members to an incident that occurred at the end of last session. When the British Government sought to establish air training centres in Canada, our Government refused to grant permission, on the ground that it was inconsistent with Canada's sovereignty that there should exist here the armed forces of another state. At page 4892 of the unrevised edition of the House of Commons Debates for last year the Right Honourable the Prime Minister is quoted as saying:

May I say a word with respect to the idea of having the Imperial Air Force set up flying schools in Canada to train their pilots; in short, a military station put down in Canada, owned, maintained and operated by the Imperial Government for Imperial purposes. I must say that long ago Canadian governments finally settled the constitutional principle that in Canadian territory there could be no military establishments unless they were owned, maintained and controlled by the Canadian Government responsible to the Canadian Parliament and people.

There was a declaration of refusal to co-operate with respect to a very important proposal which would have had far-reaching consequences, not only upon the training of Air Force men, but also in the matter of the supplying of equipment. I dealt with that the other day when I opened this discussion. It is a declaration of policy by the Prime Minister in the matter of co-operation with the British Government.

Hon. Mr. DANDURAND: Under a certain form.

Hon. Mr. GRIESBACH: I am considering all the forms. This was only one. There was a refusal to co-operate, on the ground that it would be contrary to public policy to permit the existence in Canada of—

Hon. Mr. DANDURAND: —another authority.

Hon. Mr. GRIESBACH: —another source.

Hon. Mr. DANDURAND: —another authority.

Hon. Mr. GRIESBACH: You will find that a few years ago we passed an Act—I have thought of it just at this moment—providing for the control by our own military authorities of any forces that happen to visit us from another country. That would have amply taken care of any situation of the kind visualized by the Prime Minister. His statement was a declaration of policy with

respect to the proposal to train Imperial Air Force pilots in this country. I will give another example—

Hon. Mr. DANDURAND: I would remind my honourable friend that in the discussion to which he has alluded the Right Honourable Mr. Bennett was asked a question to this effect: "Would you be in favour of the training on Canadian soil of a regiment outside the jurisdiction and authority of the Canadian Government?" And he said "No."

Hon. Mr. KING: Certainly he said "No."

Hon. Mr. GRIESBACH: I do not remember that question arising.

Hon. Mr. DANDURAND: It is there.

Hon. Mr. GRIESBACH: Then Mr. Bennett had forgotten that legislation which I have just referred to. It has to do with visiting troops, and it makes provision for the control of them.

Hon. Mr. DANDURAND: I should like to read it.

Hon. Mr. GRIESBACH: I will read it myself.

Hon. Mr. DANDURAND: It would be for the control of troops under very special conditions, I believe.

Hon. Mr. GRIESBACH: No. Legislation of the same kind was passed concurrently in all parts of the British Commonwealth, to provide that if troops from one part of the Empire visit another part they shall be under the jurisdiction of the country visited. If Australian troops came to Canada and we had no such law, it might be argued that we had no control over them. But that statute would put them under Canadian military regulations. If any member of the visiting force deserted here, for example, he could be disciplined and punished under our own regulations.

Hon. Mr. DANDURAND: The Right Honourable the Prime Minister wanted the same provision to apply to British airmen.

Hon. Mr. KING: And that is all he asked.

Hon. Mr. GRIESBACH: I do not follow that. I think my honourable friends miss the point. I am dealing now with the Government's refusal to co-operate generally in the establishment of an armament industry in Canada.

On June 10 of last year Mr. Woodsworth called attention in another place to a newspaper report that United Kingdom war orders to the amount of \$200,000,000 were being given

to various Canadian industries, and he asked the Prime Minister:

Are the arrangements with regard to these orders for munitions made direct with the industries? Are they made with the sanction of the Canadian Government, and does the program commit Canada to any supplementary or complementary arrangements?

The Prime Minister referred the question to the Minister of National Defence, who, in the Prime Minister's presence, answered:

I wish to assure him (Mr. Woodsworth) at once that the Department of National Defence has played no part either directly or indirectly in these negotiations.

I am quoting from page 4016 of the unrevised edition of House of Commons Debates for last year.

On page 17 of the report of the Royal Commission on the Bren Machine Gun Contract there is quoted a letter of August 24, 1936, from Mr. Plaxton to the Prime Minister, inquiring whether the Government's policy permits of the obtaining of orders for munitions from the British Government. The Prime Minister's reply, dated September 12, is quoted on the same page. In it he said:

It would be necessary, of course, to see that it was distinctly understood that such orders as were obtained were at the instance of the firm itself, and not, either directly or indirectly, at the instance of the Government of Canada.

So it has been laid down again and again that the Canadian Government have taken a decided stand upon this matter of armaments, a stand which, I suggest, they must reverse if we are to have an armament industry in this country.

Hon. Mr. DANDURAND: I do not understand the application of that statement which the honourable gentleman quoted from the Prime Minister's letter.

Hon. Mr. GRIESBACH: I am trying to bring out the fact that the policy of the Canadian Government has been a refusal to co-operate in the building up of an armament industry in this country.

Hon. Mr. DANDURAND: Oh, no.

Hon. Mr. GRIESBACH: I should like to be told what the Government have done to the contrary.

Hon. Mr. DANDURAND: If my honourable friend will read that letter in its proper sequence in the correspondence, he will find that the Government of Canada did not want to be bound as guaranteeing anything to any private individual from Great Britain who might come to Canada to establish an industry or place an order.

Hon. Mr. GRIESBACH.

Hon. Mr. GRIESBACH: Of course, the amusing part of the story is this, that while the Prime Minister laid that down as the Government's policy, somebody else had a different view, and finally that person became an accredited representative of this Government at the War Office.

Hon. Mr. DANDURAND: Now my honourable friend is discussing the Bren gun contract.

Hon. Mr. GRIESBACH: Yes.

Hon. Mr. DANDURAND: I would suggest that he suspend discussion of that matter until the inquiry now going on in another place is concluded. I may tell him that I do not know the first thing about it.

Hon. Mr. GRIESBACH: If we wait until the matter is settled there we shall never hear very much about it.

Hon. Mr. KING: I think that is true, because we know what the object of that inquiry is. It is not to assist in building up armaments in this country, but to make it impossible to develop any armament policy here.

Hon. Mr. GRIESBACH: No, no.

Hon. Mr. DANDURAND: Let us not discuss points that tend to divide the country, but concentrate upon ideas that may help to unite it.

Hon. Mr. GRIESBACH: I do not intend to sit idly by while this country is urged to unite on a policy which gets nowhere. I am attracted less by proposals for unity than by proposals for action.

Hon. Mr. TANNER: Hear, hear.

Hon. Mr. GRIESBACH: I do not intend to sit back merely because such and such a proposal will make for unity. What I want is action.

Hon. Mr. DANDURAND: Well, I say, unity of action.

Hon. Mr. GRIESBACH: One thing at a time. As to the Bren gun, what is it going to cost Canada? I say that three or four years ago, before the armament race started, the Skoda works built that gun—I am speaking of it merely as a piece of fabricated steel—for the Czechoslovakian army at a price of \$100, plus \$15 royalty. The estimates for the cost of that gun under the contract signed by the Canadian Government run from \$525 to \$1,305, though in no case is the estimate reliable.

Hon. Mr. KING: Does my honourable friend presume to know more about that gun than the Enfield people, who are manufacturing it for the British Government?

Hon. Mr. GRIESBACH: No, I do not presume that at all. I was comparing the price before the armament race started with present estimated prices. In the course of remarks I made a little while ago I pointed out that when a country undertakes to rearm in the face of a crisis, such as exists now, it has to pay three or four times what munitions are worth. There is no escape from that situation. I have argued for years that we should be preparing ourselves. I also said the other day that if you try to improvise an army in the face of a crisis there are certain inevitable consequences. One is that you cannot obtain first-class equipment; another is that for the equipment you do get you will pay three or four times its value, and a third is that you will not be able to give proper training to your officers and other army personnel, and, as a result, if you are engaged in actual hostilities your casualties will be probably three times as heavy as if you had been prepared. There is no escape from these things. The whole history of war teaches that. For years I have been calling attention to these facts; so, naturally, I am not surprised that we have to pay a lot of money for munitions we buy now. The only thing I should like to know is what the Bren gun is actually going to cost, but nobody can tell me that.

Hon. Mr. DANDURAND: When my honourable friend is through I shall present to the House a statement showing that Canada is paying less for the Bren gun than Great Britain is.

Hon. Mr. GRIESBACH: I would not believe that statement if I saw it.

Hon. Mr. DANDURAND: I will go and get it. I did not raise this Bren gun discussion.

Hon. Mr. KING: I know my honourable friend from Edmonton (Hon. Mr. Griesbach) is sincere, but does he think he is doing a service in discussing this question, which has been before a royal commission and is now under study by a committee in another place?

Hon. Mr. GRIESBACH: I did not raise the matter to-day.

Hon. Mr. KING: Oh, yes, you did, and very improperly, I think.

Hon. Mr. GRIESBACH: I did not raise it.

Hon. Mr. MURDOCK: You were the first to mention the Bren gun.

Hon. Mr. GRIESBACH: No.

Hon. Mr. MURDOCK: Yes. The record will show you mentioned it before the honourable leader (Hon. Mr. Dandurand) or the honourable senator from Kootenay East (Hon. Mr. King) had spoken.

Hon. Mr. GRIESBACH: One person at a time. Which one wishes me to reply? Which is first?

Hon. Mr. TANNER: One gun at a time.

Hon. Mr. KING: I want an answer to my question.

Hon. Mr. MURDOCK: Does the honourable member not know that the gentleman who started the Bren gun controversy got what he desired? He got the leadership of the honourable senator's party in Ontario.

Hon. Mr. GRIESBACH: I do not interest myself in that side of the question at all. I am discussing the establishment of an armament industry in Canada.

Hon. Mr. KING: But my question was a very simple one. I will put it again: Does my honourable friend think he is doing a good service to the development of an armament industry in Canada by reviewing the Bren contract at this time?

Hon. Mr. GRIESBACH: I have not raised the Bren gun contract except in answer to a question.

Hon. Mr. MURDOCK: I am sorry to say that is not so. The honourable member started discussing the Bren gun contract before either of these two gentlemen rose to their feet.

Hon. Mr. GRIESBACH: I did not as a matter of fact, but, even if I did, I will answer the honourable gentleman's question. I cannot answer what may be running in the mind of the honourable member from Parkdale (Hon. Mr. Murdock); it might be anything. I will deal with this one point, which I think is important, that no useful purpose is served by raising this question at the present time. The honourable leader of the Government has said that we were united in some fashion. Let me repeat that my admiration for the conception of unity is by no means so great as to cause me to accept a unity which in my judgment is wrong. What is more important is that we should get somewhere. If this country is united in a do-nothing policy, we shall never get anywhere with rearmament.

Hon. Mr. KING: That is no answer to my question.

Hon. Mr. GRIESBACH: That is the only answer I have. I think the honourable gentleman is wasting my time and his own.

Hon. Mr. MURDOCK: What about yourself?

Hon. Mr. GRIESBACH: I know what I am doing and where I am going. I need not say that the honourable gentlemen are greatly disturbed, despite the fact that they are not quite capable of discussing this matter.

Hon. Mr. KING: I am not so sure. They are just as able to discuss it as is the honourable gentleman.

Hon. Mr. GRIESBACH: I do not know very much more about this subject than the ordinary layman does, but I have made a general study of armaments incidentally to my other studies.

Hon. Mr. KING: I would confine myself to that, then.

Hon. Mr. MURDOCK: Will my honourable friend from Edmonton now permit me to repeat to my leader a statement which was made during his absence? The honourable senator from Edmonton stated that you and the honourable senator from Kootenay East (Hon. Mr. King) first referred to the Bren gun question.

Hon. Mr. DANDURAND: I did not. I heard a contention with respect to the Bren gun. My honourable friend was discussing the cost of the armament policy of this Government, and I suggested that he should suspend his remarks as to the Bren gun. That was the extent of my intervention. If he will allow me, I will give him a statement from the Minister of National Defence on the cost of the Bren gun to Canada, as compared with its cost to Great Britain.

Hon. Mr. GRIESBACH: First let me complete what I have to say. Who started the Bren gun controversy is about as important as last year's bird's nest.

Hon. Mr. MURDOCK: Hear, hear.

Hon. Mr. GRIESBACH: I am willing to discuss the Bren gun so far as I know it, but I have no desire to bring it into this discussion, to trail off into something wholly useless.

Hon. Mr. KING: Like his own speech.

Hon. Mr. GRIESBACH: I cannot remember the precise words that—

Hon. Mr. MURDOCK: That is just as you said of me: you do not know what is in your own mind.

Hon. Mr. GRIESBACH.

Hon. Mr. GRIESBACH: I am speaking to a certain point. I say there ought to be an armament industry in this country, and unless the Government change their policy there cannot be an armament industry here, and consequently there will be no rearmament. I am interested in rearmament, and I find myself face to face with the necessity of Canada building up an armament industry. From the quotations from speeches made in the other House, which I have placed on Hansard, it is evident that there is no intention on the part of the Government to establish an armament industry in this country. The making of a contract for the manufacture of Bren guns is a mere incident. Against that must be placed the fact that according to the statement of the Minister of National Defence an order for \$60,000,000 worth of essential war equipment has been filed with the British War Office—an order which, at best, cannot be filled for several years. I am all in favour of the establishment of the Bren gun factory, and it would have pleased me very much if there had been no political discussion with respect to it. But if such discussion is necessary, let us have it. I should like to know what the gun will cost.

Hon. Mr. KING: That can be ascertained only when the gun is manufactured, and the honourable gentleman knows it.

Hon. Mr. GRIESBACH: Allow me to finish my remarks. I submit that at the outset it is very much more important to lay down sound principles and build upon a firm foundation. If rascality, undue profit or political interference can be established in regard to the Bren gun transaction, then whoever started the discussion did a service to Canada. I am ready to deal with the question if its further discussion will be to the national advantage. I have not discussed the matter except to say that the only outcome of what is asserted to be the first attempt to establish an armament industry has been a political scandal. I do not approve of that, and it should be stopped. What may come out of the inquiry I do not know.

I repeat, unless there is a change of policy on the part of the Government we shall not have an armament industry in this country, and it must follow that we shall have no armaments. It is manifest from what I have read, indeed it is what everybody knows, that the Government are deliberately steering clear of co-operation with the British Government on a policy of rearmament.

Hon. Mr. KING: I do not think so.

Hon. Mr. GRIESBACH: That is self-evident. We have already heard that there is to be no co-operation in the business of rearmament because of the charges that have been made against the armament industry.

Hon. Mr. DANDURAND: My honourable friend has stated that the policy of the Government is against any kind of co-operation with the British Government. I do not wish to engage in the Bren gun controversy, but in order to answer my honourable friend I would draw his attention to the statement which I have in my hand concerning the cost of the Bren gun and how its production is being proceeded with jointly with the order from the British Government. It reads:

The contract between the Canadian Government and John Inglis Company Limited provided that the Canadian Government, once production commences, pay actual costs plus a limited profit for guns and spare parts produced for it. The contract between the Government of the United Kingdom and John Inglis Co. Ltd. likewise provides that the Government of the United Kingdom will pay actual costs plus a limited profit for the articles manufactured for their account. The Canadian contract is for 7,000 guns and a number of spare parts; the Government of the United Kingdom have ordered 5,000 guns.

Taking into consideration the fact that the Government of the United Kingdom pay one-third of the capital cost of machinery, tools, dies, jigs and preparatory overhead and that such equipment so purchased will remain the property of the Canadian Government and will have a considerable value to the owners at the termination of the contract, it follows that the net cost per unit will be less to the Canadian Government than to that of the United Kingdom.

I cite that only to show there is very close co-operation between the Government of Canada and the British Government with respect to the manufacture of the Bren gun in Canada.

Hon. Mr. GRIESBACH: And the profit mentioned is at the expense of the British taxpayer.

Hon. Mr. DANDURAND: The British taxpayer, I think, is well protected by the British Government. I am not concerned with his interest; it is not in my hands. I am looking to the interest of the Canadian taxpayer.

Hon. Mr. GRIESBACH: The very favourable construction which the honourable gentleman puts on the memorandum is not borne out by what I have read in the English newspapers. True the Bren gun is being manufactured in Canada, but I would direct my honourable friend's attention to the fact that, contrary to the wishes of the Prime Minister, as expressed in this memorandum, his officials did bring about that co-operation—did do the very thing which he said they must not do.

Hon. Mr. HUGESSEN: No, nothing of the kind. Read that letter of 1936 again.

Hon. Mr. GRIESBACH: I will oblige the honourable gentleman. This is the letter of the Prime Minister which I have already cited:

I may say, in reply, that we see no reason why a Canadian firm established for the manufacture of munitions should be precluded from obtaining orders from the British Government.

Hon. Mr. DANDURAND: That is good.

Hon. Mr. GRIESBACH: That is fine, strong stuff.

Right Hon. Mr. MEIGHEN: I wonder why that was worth saying.

Hon. Mr. GRIESBACH: The letter continues:

It would be necessary, of course, to see that it was distinctly understood that such orders as were obtained were at the instance of the firm itself and not, either directly or indirectly, at the instance of the Government of Canada.

If my honourable friend boasts of the close co-operation that now exists between the British and Canadian Governments with respect to the Bren gun contracts, such co-operation as does exist, as the commissioner said, exists contrary to the views of the Prime Minister as expressed at that time.

Hon. Mr. HUGESSEN: Co-operation had nothing whatever to do with it. It was a letter of introduction stating merely that the person who was going over to England was the representative of the Canadian Government. It was given just as any letter of introduction would be given under similar circumstances.

Hon. Mr. GRIESBACH: The fact that Major Hahn was made an emissary of the Canadian Government to the War Office cannot be denied. That co-operation my honourable friend regards as being a wonderful accomplishment.

Hon. Mr. DANDURAND: Oh, no.

Hon. Mr. GRIESBACH: Well, such as it is, it is in contravention of the Prime Minister's own declared policy and his express instructions. It is a mere accident to have the co-operation referred to. However, putting it at its best, I accept it. But it is not a splendid start. It is a mere drop in the bucket; no more.

Hon. Mr. KING: But one drop.

Hon. Mr. GRIESBACH: We shall never have an armament industry in this country until the Government change their policy and enter into the closest negotiations with the British Government to establish such an

industry by inviting British industrialists to undertake it here, or by inducing our own people to take it up.

Right Hon. Mr. MEIGHEN: Hear, hear.

Hon. Mr. GRIESBACH: There cannot be any rearmament until that is done. There is no escape from that conclusion.

Hon. Mr. DANDURAND: That is the opinion of my honourable friend.

Hon. Mr. GRIESBACH: No; he will find it the opinion of many other persons. There is good reason for that widely entertained opinion. The policy of the Government is rooted in the expression, "rearmament for the defence of Canada alone." Then you have the point raised by the leaders of the C. C. F. and others sharing their views, that if there is co-operation with Great Britain in the establishment of an armament industry in Canada, commitments will thereby be implied, and so this Government will make no commitments. It follows that there will be no armament industry. This conclusion can be arrived at by a dozen avenues, and there is no escape from it.

I am urging now that the situation has developed to the point where the Government must face the issue and change their policy. I have not much hope of influencing my honourable friend opposite (Hon. Mr. Dandurand) but I would impress upon him that it is imperatively necessary that the Government change their policy.

I pass to another aspect of the Government's refusal to co-operate with the British Government. Let me give a few examples of what the British Government are doing for us.

Hon. Mr. DANDURAND: For us?

Hon. Mr. GRIESBACH: For us. At this moment the British Navy is short of destroyers to the extent of more than 100, and yet in the last year has sold us two destroyers at a price below cost. We are now applying for a flotilla leader, which may be described as a large destroyer or small cruiser. The Minister of National Defence assures us that he hopes to get the flotilla leader in the near future.

Hon. Mr. DANDURAND: Of course, the Canadian Government would purchase it.

Hon. Mr. GRIESBACH: Yes, but it will be purchased below cost. They are asking the British Government to hand over a flotilla leader when the Royal Navy needs more than 100 destroyers. We do not seem to mind that at all.

Hon. Mr. GRIESBACH:

Hon. Mr. COPP: The honourable gentleman should advise the British Navy not to hand over that destroyer.

Hon. Mr. GRIESBACH: That does not sound like a very wise observation.

Hon. Mr. MURDOCK: My honourable friend says that you should advise the British Navy not to hand over that destroyer to us.

Hon. Mr. GRIESBACH: Neither is that a very wise observation, nor is it germane to the question. As I say, the British Navy is in urgent need of more than 100 destroyers, but because Canada represented that our navy required two destroyers the British Navy supplied us with them, and is about to let us have a flotilla leader.

Hon. Mr. KING: That might be co-operation.

Hon. Mr. GRIESBACH: Yes, that is co-operation.

Hon. Mr. MACDONELL: On the part of Britain.

Hon. Mr. KING: On the part of both.

Hon. Mr. GRIESBACH: Both! Don't talk nonsense.

Now, though they are in the midst of their rearmament program in Great Britain, and, as we know, will for a considerable time be short of equipment for the increased personnel resulting from the introduction of conscription and the doubling of their territorial army, the Minister of National Defence has unloaded on the British Government an order for \$60,000,000 worth of equipment, which is essential if we are to conduct our defence at all. I suppose the British Government have accepted that load, too. At all events, we do not seem to hesitate to ask the Imperial authorities to hand over that equipment.

The Minister of National Defence said that for protection we rely upon the British Navy. He neither qualified nor explained his statement; he simply gave it as a statement of fact. He also said that we rely upon the American Navy for our defence. I would advise him to go slow. The Americans are not so used to our—shall I say?—gaucherie, and they may send us a bill.

Hon. Mr. KING: Why shouldn't they?

Hon. Mr. GRIESBACH: They may some day exert pressure on us and say, "According to your Minister of National Defence we have been protecting you for so many years, and it is time you did something for us." I suggest that the honourable leader of the Government whisper that into the ear of the Minister.

Hon. Mr. DANDURAND: That is a very broad question.

Hon. Mr. GRIESBACH: Yes; but it does not seem to bother us at all.

Let me cite another instance of what we get from the Imperial authorities. The diplomatic and consular services of Great Britain have been at our disposal for years. When a Canadian is abroad he avails himself of the services of the nearest British consul.

Hon. Mr. DANDURAND: We pay the cost of that service.

Hon. Mr. GRIESBACH: We pay the cost?

Hon. Mr. DANDURAND: We pay the cost of maintenance of the British consular service. Whenever in any part of the world a Canadian calls on the British consul for a visa or other service, the British consul is very glad to give that service and to receive the regular fees for it.

Hon. Mr. GRIESBACH: Could you give us a statement some day of what this Government have paid for that service during the past three years?

Hon. Mr. DUFF: The individual who goes to the British consul, whether he be the captain of a ship or anybody else, pays for the service.

Hon. Mr. GRIESBACH: So does the ordinary British subject. Those are only consular dues. The maintenance of the office, the prestige of the whole job, the occasional visit of a British warship, are things we have nothing to do with at all.

Hon. Mr. HORSEY: Who opposed our ambassadorial offices?

Hon. Mr. GRIESBACH. We have no ambassadorial offices. We have four ministries, one each at Paris, Washington, Brussels and Tokyo, and I did not know that, apart from ordinary official correspondence settling the details, there was any opposition from anybody.

At any given moment there are 50 officers of the Canadian Government receiving training in the British Navy. That does not cost us a cent. There are 20 Canadian officers receiving training in the British Army. That does not cost us a cent. Our officers take courses in British staff colleges and war colleges, and that does not cost us a cent.

Hon. Mr. KING: I think that is the form of co-operation that is taking place.

Right Hon. Mr. MEIGHEN: I think so too—all one way.

Hon. Mr. GRIESBACH: One way co-operation! We do not do the same thing in return.

Hon. Mr. KING: We have men from Great Britain here now.

Hon. Mr. GRIESBACH: They are over here in exchange. They are doing the work of Canadian officers and learning conditions in the country. We have officers in the Old Country for a similar purpose. That is a matter of exchange. I am talking about educational institutions which are maintained in Great Britain, and which our people attend free of charge.

Hon. Mr. KING: And the British authorities wish them to come.

Hon. Mr. GRIESBACH: Of course they do.

Hon. Mr. KING: Why do you try to make something of that? You are belittling your own country.

An Hon. SENATOR: Playing politics.

Hon. Mr. MURDOCK: What about the contribution of 59,000 Canadian boys who are sleeping in Flanders? Was that a contribution of Canada towards the assistance of Great Britain?

Hon. Mr. GRIESBACH: No, it was not.

Hon. Mr. DANDURAND: It was, exclusively.

Hon. Mr. GRIESBACH: No, it was not at all. Canada's contribution in that war was a contribution to a common cause, nothing more and nothing less—

Some Hon. SENATORS: Hear, hear.

Hon. Mr. GRIESBACH: —and any man who takes the view that the men who served in the Great War served merely to assist Great Britain, as Great Britain, suggests that we were an army of hirelings.

Hon. Mr. MURDOCK: Did Canada uphold its end?

Right Hon. Mr. MEIGHEN: Sure; in the common cause.

Hon. Mr. MURDOCK: Did it take its proper share of responsibility in the war by sending 600,000 soldiers over there, of whom 59,000 were left behind?

Hon. Mr. GRIESBACH: As a matter of fact Canada sent only 450,000 overseas.

Hon. Mr. MURDOCK: Then the Conservative Government of the day ought to revise their figures.

Hon. Mr. GRIESBACH: There were 619,000 enlisted, and 450,000 were sent overseas. That was our contribution to a common cause. And when the contribution is examined from the point of view of costs and casualties it will be found that, while our contribution was a good one, it was no better than any other.

Hon. Mr. DANDURAND: Now I will put a question to my honourable friend. If Canada had been an independent nation on the fourth day of August, 1914, would it have declared war on Germany because of Germany's invasion of Belgium?

Hon. Mr. MACDONELL: That has nothing to do with the case.

Hon. Mr. GRIESBACH: That is a hypothetical question.

Hon. Mr. DANDURAND: The United States did not go to war because Belgium had been invaded by the Germans, and the South American republics did not declare war because of that invasion. Would Canada, being an independent nation, have declared war on Germany on the fourth of August, 1914, because Germany had invaded Belgium?

Hon. Mr. GRIESBACH: That depends on so many things that it is impossible to answer off-hand. If we had been an independent country—

Hon. Mr. MACDONELL: "If 'ifs' and 'ands' were pots and pans," so to speak.

Hon. Mr. DANDURAND: If Canada would not have declared war on Germany because of the invasion of Belgium, that means that Canada did not go to war over a question relating exclusively to Canadian interests.

Right Hon. Mr. MEIGHEN: That does not follow at all.

Hon. Mr. DANDURAND: It follows absolutely. If Canada had been an independent nation it would not have declared war on Germany because the Germans had invaded Belgium. That is clear. No one will deny that affirmation. So I say that we joined in the war through sentiment. We went to war because of sentiment for the Mother Country, and in so doing we were going to the aid of Great Britain, not to defend an interest peculiar to Canada. The interest would not have arisen if Canada had been an independent nation.

Right Hon. Mr. MEIGHEN: You had better read the speech of Sir Wilfrid Laurier at the beginning of the session—

Hon. Mr. MURDOCK.

Hon. Mr. DANDURAND: I am familiar with it. But it was not because of a special interest that Canada went to war.

Right Hon. Mr. MEIGHEN: Neither did Great Britain go to war because of any special interest. She went to war in a great cause. It was better for the world that we should go at once, whether we were independent or not, and it would have been better had the United States done likewise.

Hon. Mr. DANDURAND: That I admit. And if we had been on the same plane as the United States, and the United States had gone to war, that would have been an invitation to us to follow.

Right Hon. Mr. MEIGHEN: Where should we have been if the war had been lost?

Hon. Mr. DANDURAND: I say that if Canada had been an independent country it would not have gone to war on the fourth of August, 1914. So, if she did go to war then, it was because of a national sentiment in favour of the Mother Country. That is where we rendered a service to Great Britain.

Hon. Mr. McRAE: Mr. Speaker, I rise to a point of order. Who is making the speech here?

Hon. Mr. LACASSE: You are just now.

Hon. Mr. GRIESBACH: I do not mind answering the question. Canada would not have gone into the war any sooner than the United States. We might have got into it ultimately.

The honourable gentleman is quite right when he speaks of the importance of sentiment. Sentiment is one of those intangible things which in the affairs of mankind weigh more heavily than almost any other consideration. One of the greatest mistakes made by some public men is that they do not count upon it. It is something for which men are prepared to fight and die.

Hon. Mr. MURDOCK: There is a greater mistake than that.

Some Hon. SENATORS: Order! Order!

Hon. Mr. MURDOCK: There is a greater mistake than that.

Some Hon. SENATORS: Order! Order!

Hon. Mr. MURDOCK: When men deliberately get up and mix politics with sentiment—

Some Hon. SENATORS: Order! Order!

Hon. Mr. MURDOCK: —that is the greatest mistake.

Some Hon. SENATORS: Order! Order!

Hon. Mr. GRIESBACH: I shall never forget the answer Arthur Sifton made to a question he did not hear very well. It was, "Largely." That may do as an answer to the honourable gentleman's question.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. GRIESBACH: Now, I want to finish up this question of co-operation, which we have heard something about. One of the greatest things which the British Government do for us in the matter of defence is to place at our disposal the results of their policy of experimentation and trial with regard to equipment. No other Government in the world spend as much money in that field as Great Britain does. Rifles, field guns, all sorts of equipment, are tested and tried. I have seen some of that work being done. A thousand rifles are made with special machinery, and are sent all over the world for trial, and, when a piece of equipment is finally decided upon you may rest assured that it is the best of its kind. That costly service is placed at our disposal free of charge.

My reason for raising this question of co-operation a few moments ago was that many thousands, yes, millions of people in Canada, would like to see a somewhat closer co-operation, based on this sentiment to which the honourable gentleman (Hon. Mr. Dandurand) has referred. We are confronted with the policy of this Government as to the defence of Canada alone. From that arises the situation in which we find ourselves. In other words, we give no co-operation at all. We accept all and expect all. We do not seem to mind loading our troubles on Great Britain and doing nothing in return. Our position is not a very enviable one. This may not bother some people who do not experience this sentimental attachment, but I submit that the position of the country to-day is a reversal of the position to which our soldiers had brought it at the close of the Great War. We have abandoned the proud position which we gained in the last war, as a part of the Commonwealth—a position based on the general idea that we were willing to do our share. Our policy and attitude to-day is a negation of our assumption of equality in the Commonwealth. Again I am speaking from the point of view of sentiment. I may be quite wrong, but I fancy the majority of the people in this country think as I do in this matter, and would be much happier if the Government took a bolder course. The attitude of the Government in connection with the whole business is ungenerous and unchivalrous; in some degree it is pusillanimous and contemptible.

Hon. Mr. DANDURAND: Does the honourable gentleman say the attitude of Canada should be such as to allow the foreign policy of Great Britain to dictate the policy of the Canadian Government from the first of January to the thirty-first of December?

Hon. Mr. GRIESBACH: No. That is a worn-out proposition. We know all about that. The control of foreign policy has been discussed and chewed over by all sorts of people. I lived with it for a couple of months last summer. It does not cause me the slightest concern. I believe the Prime Minister has told us about the control of our policy, and so forth. But my honourable friend (Hon. Mr. Dandurand) raises the question of sentiment, which is perhaps the most important factor of all. If there is anything wrong with the foreign policy of Great Britain, I should like to know what it is. It changes from day to day, because foreign policies must change from day to day. As to that policy, it must be said that never in history has there been so vigorous and valiant an attempt to preserve the peace of the world as that policy has given us.

Hon. Mr. DANDURAND: Lately.

Hon. Mr. GRIESBACH: Never in the history of the world. The British Government have subjected themselves to criticism by their own people, and the accusation of lack of energy, lack of determination, lack of courage; and the Prime Minister has humiliated himself as no other public man has ever done; all to gain peace.

If our policy is a policy of peace, surely it and British policy run on parallel lines; and if in the course of time it should become apparent that it is impossible to trust the dictators or deal with them, if it begins to emerge that the peace of the world is threatened by them, then again, I think, our policy will agree with that of the British Government.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. DANDURAND: Whatever it may be?

Hon. Mr. GRIESBACH: Oh, no. My honourable friend likes to say that. I have heard him say it many times. But on any given day, in ninety-nine cases out of a hundred, the wishes, hopes and fears of the people of this country will be found to be more or less parallel with those of the British people; and the policy of the Government will follow. At this precise moment the minds of the people of this country, of Australia, New Zealand, South Africa and

Great Britain, to say nothing of the other democratic countries, are running on parallel lines, and the policies of their governments will manifest themselves as the policy crystallized in Great Britain. I am as good a Canadian as anybody, and when I find any policy of Great Britain which does not suit me I will say so; and after following the British policy from day to day I say that to-day it is satisfactory to the people of this country.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. GRIESBACH: And what is that policy? It is that if peace cannot be maintained we will make as good a fight as we can.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. GRIESBACH: That is what I am urging now. As a Canadian I should feel proud of my country if in this emergency we were to show a real desire and intention to make our contribution to the common cause, thereby maintaining the claim for equality in the Commonwealth, which is, or ought to be, our proudest boast and aspiration.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. LACASSE: I understand that my honourable friend from Edmonton has closed the debate, as it is his right to do. I refrained from interrupting or asking questions, for the simple reason that I thought my honourable friend had his hands full without me. So perhaps I may now be permitted to ask one question. When the Great War was on, why were the United States so late in joining in the fight for the common cause, as he describes it?

Hon. Mr. MACDONELL: Ask the United States.

Hon. Mr. LACASSE: What, in the opinion of the honourable gentleman from Edmonton (Hon. Mr. Griesbach), prevented Uncle Sam from joining earlier than he did the forces fighting for the so-called common cause? My honourable friend knows very well what did it. There was utter lack of unity within the boundaries of the United States. I therefore conclude that my honourable friend was not altogether right when he said he preferred action to unity. From what happened in the United States I should infer that unity must precede action.

Hon. Mr. GRIESBACH: The honourable gentleman has pretty well answered his own question. The United States did not participate in the Great War when it first broke out because they did not see any occasion to do so. Their rights and interests were not involved.

Hon. Mr. GRIESBACH:

They immediately began to sell a great quantity of materials to the belligerent countries, and they made so much money that they shifted the balance of the financial world before they were through. But, as the war progressed, the American people had to change their minds. At the outset the question was, why should they go in, but in time the question became, how could they stay out. There is nothing remarkable about that. Their interests were threatened, their ships were being sunk, their coasts were in danger. Finally they came to the conclusion that great principles were involved in the struggle going on in Europe, and, as the country is a democratic one, it was inevitable that the swing of public opinion should compel the Government to take action. There is nothing remarkable about that. The development was a perfectly logical one.

Hon. Mr. LACASSE: That is my honourable friend's interpretation of it. But he must be aware that there was an utter lack of unity in the United States because of the strong pro-German sentiment that existed there. That fact cannot be ignored.

Right Hon. Mr. MEIGHEN: One would hardly suggest that so long as any group of persons can prevent unity a nation must be absolutely silent, inactive and worthless.

PRAIRIE FARM ASSISTANCE BILL

FIRST READING

A message was received from the House of Commons with Bill 83, an Act to Assist Agriculture in the Prairie Provinces.

The Bill was read the first time.

SECOND READING

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

Hon. Mr. DANDURAND: The Bill is in the hands of the honourable senator from Peel (Hon. Mr. Marshall), who is not in the Chamber at the moment. May we have second reading now and send the Bill to the Banking and Commerce Committee?

Right Hon. Mr. MEIGHEN: In the absence of the sponsor?

Hon. Mr. DANDURAND: He was agreeable to having it sent to that committee.

Right Hon. Mr. MEIGHEN: All right.

Hon. Mr. HAIG: Honourable members, I want a discussion on the Bill here.

Hon. Mr. FARRIS: The honourable senator who is handling the Bill (Hon. Mr. Marshall) is absent.

Hon. Mr. HAIG: Then second reading should be postponed. I am not on the Banking and Commerce Committee, and I am intensely interested in the Bill. I think that every senator from the three Prairie Provinces must be interested in it. An explanation of the principle should be given, and I want to speak.

Hon. Mr. DANDURAND: I thought we might have the Bill sent to the Banking and Commerce Committee, to be discussed there this evening. We might call it six o'clock now and return this evening to give second reading, unless my right honourable friend desires to speak.

Right Hon. Mr. MEIGHEN: I do. Is there anyone on the Government side who can explain the Bill? If not, I am sure the honourable junior senator from Winnipeg (Hon. Mr. Haig) can.

Hon. Mr. DANDURAND: I could give a fair outline.

Hon. Mr. LACASSE: Call his bluff.

Hon. Mr. DANDURAND: I thought we should not lose the time which we have free this evening.

Right Hon. Mr. MEIGHEN: I prefer that we go on now if we can.

Hon. Mr. DANDURAND: I see that the honourable senator from Peel (Hon. Mr. Marshall) is just coming into the Chamber.

Hon. DUNCAN McL. MARSHALL moved the second reading of the Bill.

He said: Honourable senators, this Bill is designed to make a sort of permanent arrangement that will require fewer sums of money to be advanced annually for seed grain and relief to farmers who have had crop failures. Everybody who knows the West is aware that for more than fifty years assistance has been given annually to some of the farmers in the Prairie Provinces. In the old days, thirty-five or forty years ago, money was advanced by the provincial governments or guaranteed by them to the municipalities, where there were municipalities—and there were only a few at that time outside of Manitoba. Repayment of the money advanced or guaranteed in each case by the province was in turn guaranteed to it by the Federal Government. Most of these grants which were not repaid were taken care of by the provincial governments.

Right Hon. Mr. MEIGHEN: Grants for what?

Hon. Mr. MARSHALL: For seed grain, where there had been crop failures. Seed grain had to be supplied to some farmers in

Alberta, Saskatchewan and Manitoba almost every year.

The real object of this Bill is, through the payment of grants, to enable farmers to live and to supply themselves with grain in the spring following a year of crop failure or very short crop. The giving of assistance is contingent upon one of two things, which the Bill designates as a "national emergency," or a "crop failure." In this respect there is said to be a national emergency when the price of wheat drops below a certain level; and there is a crop failure when the average yield in 100 or 135 townships in a province is less than a certain number of bushels.

The national emergency occurs when wheat drops below 80 cents for No. 1 Northern at Fort William, that being a price which is not high enough to enable a farmer to live whose yield is less than twelve bushels to the acre. When the price is less than 80 cents at Fort William, the Government would pay to the farmers who have a short crop what might be called emergency payments, to tide them over the year. As everybody who is familiar with the Western survey knows, a township consists of 36 sections. Where the average yield in a township is over eight bushels but less than twelve bushels per acre, ten cents per acre will be paid for each cent that the price of wheat is below 80 cents. That is, if wheat is at 70 cents, \$1 per acre will be paid where the average yield is between eight and twelve bushels to the acre. Where the average yield is above four bushels but under eight bushels to the acre, \$1.50 per acre will be paid; and where it is under four bushels, the grant will be \$2 per acre.

But these grants will be paid on only one-half of the cultivated land so cropped, and in no case will they be computed on a larger area than 200 acres, because the intention of the Bill is, not to encourage large farming operations, but to assist farmers who are on small holdings, on what might be called family-sized farms, and who are trying to make a living on them. Further, the grants will be paid only to farmers who are actually occupying and working their land. That is, they will not be available to professional men in towns or cities who farm for their own satisfaction, or, as some people occasionally do, to be useful to their country, or to make money. Of course, as honourable members know, very few people living in cities have been operating farms with a view to making money in late years.

As I have said, under this Bill money may be paid out under two circumstances: a national emergency, or a crop failure. I have already explained what is meant by a national emer-

gency. There is understood to be a crop failure when 135 townships in the province of Saskatchewan or 100 townships in either Alberta or Manitoba have an average yield of five bushels or less to the acre. Applications for assistance under the Bill will have to be made through the municipalities to the province, and then from the province to the Federal Government. Local conditions will likely be checked by the municipal and provincial governments, because they are in a position to check them more efficiently and at less expense than the Federal Government are. The occupiers of this land in a crop failure area who have a yield of five bushels an acre or less will be paid a sum not exceeding \$2.50 an acre up to 200 acres. That payment must be on only one-half of their cultivated land. But the land need not be seeded to wheat; it may be seeded to barley, oats, flax, or any other kind of farm crop. The intention is not to pay on wheat alone. The payments are in respect of crop failure caused by drought, frost, grasshoppers or rust. Damage by hail is excluded, for the reason that hail insurance is available in the three Prairie Provinces. These payments will not apply to more than 200 acres farmed by one farmer.

In order to establish a fund out of which these awards in future years may be paid, in whole or in part, an assessment of 1 per cent is to be made on all grain marketed at the local elevator. It is calculated that the farmer who has a good crop of grain, whether barley, oats or wheat, ought to make some small contribution to the relief of his unfortunate fellow farmer in that province who did not have a crop at all. It is estimated that 1 per cent this year would aggregate between \$2,000,000 and \$2,500,000. This will help to build up a compensation fund which, while it may not be entirely self-sustaining, will at least be partially so.

At the present time we find there is a very active discussion in most countries of the world in regard to what should be done to assist the farmer. The new Minister of Agriculture in Great Britain, Sir Reginald Dorman-Smith, is a past president of the National Farmers' Union of England. He was in this city last year, when I had the pleasure, along with a number of other senators, of listening to him. In Great Britain he is regarded as one of the best authorities on the farming situation. He has recently laid down the principles of his policy, particularly with respect to crop insurance. He said:

In its broadest sense, the term "price-insurance" is used as covering measures which ensure a fair return to the producer by some form of direct payment. Within this idea two rather different principles are contained.

Hon. Mr. MARSHALL

First there is the idea of a "guaranteed price." This contemplates that the farmer shall be guaranteed by the State on all his production a price sufficiently remunerative to ensure him a profit when all outgoings are paid.

The implications of such a concept should be clearly realized. If this were granted, the farmer would enjoy a degree of security which Parliament has not given to any branch of industry.

No measure of protection or assistance that has been given to industry, by tariff, subsidy or otherwise, amounts to this. To give such a guarantee would, in the present condition of our agriculture, impose on the Exchequer a burden which no body of taxpayers could reasonably be expected to shoulder.

To-day we in Canada are faced by a condition, to meet which it is estimated that over \$40,000,000 may be required from the treasury as a bonus, so to speak, to the wheat-growers of Western Canada on the basis of 80-cent wheat. As I remarked the other day, I believe the people of Canada do not begrudge that, because they know their fellow Canadians in that territory have suffered over a period of years as no other section of our people have suffered. But there is no doubt that as three-quarters of our population are not engaged in raising wheat, there will come a time when they will not be willing to put anything like that amount of money to bonus our wheat growers.

Sir Reginald Dorman-Smith, whom I mentioned before, when stating his agricultural policy before the British House of Commons, said:

The general aim of the policy would be to create and maintain conditions which will enable those engaged in the industry—

—that is, agriculture—

—to obtain at least a reasonable livelihood by efficient production and marketing, and to farm the land to the best advantage; and so to ensure the maintenance of the productivity of the land and the improvement of its fertility.

Then he proceeded:

With regard to tariffs, there was the objection that they "taxed" the people's food. That objection was not in itself an insuperable one, but a further difficulty was placed in the way of tariff protection by the international engagements into which this country had entered.

By that he means such treaties as Britain has made with Canada and the United States. Under our trade treaty with Great Britain we export large quantities of farm produce, particularly bacon, beef and wheat. He is prepared to support British agriculture in such a way that the farmer will be enabled to make a decent livelihood, but he does not pretend that such support will give the farmer a profit.

We hear a good deal about the cost of raising wheat and producing butter and cheese. I think nobody can give any but approximate

figures as to such cost, for the simple reason that there is a great variety of farming, and many of those engaged in it are not very competent. In other words, they should not be farming at all, as they have neither the taste nor the ability to do the job as it should be done. Consequently no Government can figure on making farming a profitable business for all engaged in it.

That being the case, the purpose of this Bill is that the farmer who has a good crop shall contribute something towards his fellow farmer who has had the misfortune of a crop failure, in order that out of this common fund and out of funds added to it by the Government he shall receive sufficient to enable him to carry on. Sixty per cent of this assistance will be paid in December and 40 per cent in March, in the expectation that the December payment will help the farmer and his family through the winter and the March payment will enable him to purchase the necessary seed grain for the following year.

It is argued by some persons that large tariff reductions on the commodities which the farmer has to buy would be the easiest way of compensating him. But we know it is very difficult to reduce tariffs. I remember reading, when I was a boy, a speech delivered in Glasgow by the late Earl Rosebery, and I have never forgotten his reference to tariffs. At that time the subject of protection was under discussion in Britain, and, referring to it, he said it was often remarked that March came in like a lamb and went out like a lion; but protection came in like a lamb, grew like a lion, and never went out at all. I do not think there is any doubt about the correctness of that statement.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. MARSHALL: We all know that once protection is given to certain industries they are able to show in one way or another that they cannot continue if any part of it is taken away.

Hon. Mr. DANDURAND: They are first helped as infant industries, but they always remain in infancy.

Hon. Mr. MARSHALL: My right honourable friend opposite (Right Hon. Mr. Meighen) at one time stated in the House of Commons that if the industries had remained infants he would have a good deal of sympathy for them, but he thought they had grown considerably at that time.

I think we are forced now to this position, that if everybody else is to be protected, and the farmer cannot be protected, we should at least stand between him and the calamities that beset him on the prairies of Western Canada. If we get a few good crop

years in Western Canada, and we shall if there is sufficient rainfall, the fund to be established by the 1 per cent deduction from the purchase price of grain will soon form a tidy reserve, and will help to relieve the situation in a bad year.

Hon. Mr. BUCHANAN: It is an annual tax, no matter whether there is an emergency or not?

Hon. Mr. MARSHALL: Yes. The tax is 1 per cent on all grain delivered at elevators. This in one particular will suit my honourable friend from Marquette (Hon. Mr. Mullins), because the man who feeds his grain will not pay this tax. It is only when he markets his grain at the elevator that he has to pay the 1 per cent. This is quite equitable, for he is taking so much fertility out of the soil and putting it on the market, and therefore ought to make some contribution to help his unfortunate brother farmer who that year has a crop failure.

I intend to move, when this Bill has been given second reading, that it be referred to the Committee on Banking and Commerce, where each clause can be gone into thoroughly. I do not wish to delay the House any longer, and therefore I now move that the Bill be given second reading.

Hon. JOHN T. HAIG: Honourable members, my chief objection to this Bill is that it gives a bonus to the poor farming districts of the West.

It is difficult to discuss this measure without at the same time discussing a sister bill which the Minister of Trade and Commerce has introduced in the Commons, but which has not yet reached this House. I refer to the bill to fix the price of wheat at 70 cents a bushel.

Now, let me put the House straight. This Bill really has nothing to do with bonusing agriculture. The underlying principle of the Bill is to place a 1 per cent tax on all grain delivered at the elevator, so that over a period of years a fund will be built up to take care of the payments to be made under the Bill.

Hon. Mr. DANDURAND: To the unfortunate ones.

Hon. Mr. HAIG: It is to become effective on the first of August, 1939. To judge from the reports I get from the West, conditions are not good, and this is going to be an emergency year. True, there is as yet no money in the fund, but in time payments will be met from the collections under the Bill.

Hon. Mr. BEAUBIEN: But will they?

Hon. Mr. HAIG: If there had been such a tax in the three Prairie Provinces during the last forty years, the fund would probably be sufficient, because in that period we had the high prices of the war years, and the 1915 crop, which was the biggest in the history of Canada. However, I am criticizing the Bill, not from that standpoint, but rather on the ground that it taxes the good farms for the benefit of the poor farms.

Now I am going to say something that I could not say if I were running for election. Nevertheless it is a fact. There is a large area in southern Alberta, southern Saskatchewan and a corner of Manitoba, where the people can never make a living off the land. Seventy years ago, when the Dominion Government sent out an expedition to look over the country in connection with the building of the Canadian Pacific Railway, it was reported that the Great Desert of America extended up into that country. I can remember men coming down from there to the province of Ontario in 1892 and telling my father that the land would not produce anything; that they were starved out. Yet that country is being farmed to-day.

Hon. Mr. MULLINS: One crop in ten years.

Hon. Mr. HAIG: This Bill will result in a constant struggle by the people there to keep that land under cultivation, and the Government will be called upon from time to time to help out.

Hon. Mr. BUCHANAN: Where would you put those people?

Hon. Mr. HAIG: It would be cheaper to move them out altogether and take them to northern Alberta, northern Saskatchewan or northern Manitoba, where such conditions do not exist. I have seen that country. I have seen the grasshoppers, the drought and the rust. True, the land south from Moose Jaw and south from Swift Current is very fertile, but there is not sufficient rainfall year by year to make farming pay. The only thing you can really grow there is wheat. My honourable friend (Hon. Mr. Buchanan) knows that while there is wheat-growing land south of Lethbridge it will not grow grass. The old buffalo grass is all gone.

Hon. Mr. BUCHANAN: Is it not a fact that in good years the very best wheat is grown in those areas?

Hon. Mr. HAIG: I admit that freely. I admit that No. 1 Hard can be grown in southern Alberta, southern Saskatchewan and southern Manitoba when there is rainfall. But this Bill will simply keep people on

Hon. Mr. BEAUBIEN.

poor land. I want to say candidly that I think the Government are making a mistake, although I would not for a moment oppose the Bill unless our whole policy were changed and these farmers were moved. Take the area between Lake Winnipeg and Lake Manitoba: I do not believe that in the last twenty years the farmers there have had more than one crop which yielded above twelve bushels to the acre. Frequently the yield is only five or six bushels. They will come under this Bill, and will remain there. That is what I object to. The insurance feature of the Bill is good, but I am persuaded that it will be of no use.

I want to warn honourable members that Western Canada does not accept this Bill as a substitute for a guaranteed price on wheat. The committee of representatives of Alberta, Saskatchewan and Manitoba, headed by the Premier of Manitoba, rejected this Bill in toto as a substitute for the guaranteed price of grain. They say they will accept the Bill, but that it must not be regarded as an answer to the demand of Western Canada for some support in the crisis through which it is passing.

The farmers of our three provinces are facing as serious a crisis as has ever been known in this country, and it is not of their own making. True, in days gone by, many of them may have been extravagant; but that is not what we are dealing with here. During my boyhood on a farm in Manitoba, and until I grew up—in fact, until about 1929—I never suspected that it would be impossible to sell wheat. I thought you might be unable to sell gold, but not wheat. It was a terrible thing for Westerners to realize in 1929 that maybe wheat could not be sold. Many men condemn the late Government for their management of the wheat question. Ultimately they came out with a profit. But I am not going into that matter. I am persuaded that when Mr. Bennett and his Government adopted their wheat policy they never dreamed that perhaps ultimately it would be impossible to make sales. And now, as we all know, we have reached the stage when some of our wheat cannot be sold, because the great consuming countries are producing to meet their own requirements. From 75 to 80 per cent of our production cannot now be used in this country. I am persuaded that the time is coming when, because of economic conditions, our own people will have to pay a very much higher price than they have ever paid for Canadian grain, and we shall have to spend large sums of money in finding new uses for wheat.

Ultimately a measure like this will be of no use, because the farmers who are intended

to be covered by it will have to move off their present land onto land where they can engage in diversified production. I do not always agree with my honourable friend from Marquette (Hon. Mr. Mullins), but in his arguments about cattle he may be right. I know that in those parts of Manitoba, Saskatchewan and Alberta where diversified farming is carried on, the struggle during these bad years has been withstood better than in other parts of the province.

Hon. Mr. MULLINS: That supports my argument.

Hon. Mr. HAIG: I do not want to take up any more time on this measure, but I wish to notify the honourable leader (Hon. Mr. Dandurand) that I intend to speak at greater length when we receive the other wheat bill which we are expecting. I am in favour of this measure, though it does not answer our demands, nor will it help to remedy the existing situation in a fundamental way. It may tide over an emergency. I can understand why honourable gentlemen who in another place represent the constituencies of Souris, Weyburn, Assiniboia, Wood Mountain, Lethbridge, and other southern parts of these provinces would be in favour of the measure. Those parts will benefit from it, but other sections of the provinces will have to pay for it ultimately.

Hon. Mr. DANDURAND: "Help thy neighbour."

Hon. Mr. HAIG: If I were sure the measure would permanently help him, I should be more in favour of it. But I do not think it is any good to keep him in a state of poverty for ever.

Hon. Mr. BEAUBIEN: May I ask the honourable gentleman a question? Surely to move these people from the land they now occupy to better sections would not cost any more than the \$40,000,000 or \$50,000,000 which we shall have to pay out every year under this measure.

Hon. Mr. HAIG: I want to be fair to the present Government. I want honourable members to understand the way that the Minister of Agriculture and the Minister of Finance would naturally look at the situation. We in Western Canada have always hoped that the lack of moisture in certain sections was a temporary condition, and that the cycle of better years would return. So far it has not come back. Ultimately we must face the problem of moving the farmers from those dried-out areas. I think that if the Bennett Government had faced that problem in 1931 the country would be better off to-day. But,

mind you, I am not blaming the Bennett Government, because I myself did not foresee, nor do I believe anybody could have foreseen, the desolation that has stricken parts of southern Saskatchewan and Alberta. In that part of Alberta where my honourable friend from Lethbridge (Hon. Mr. Buchanan) lives there is an irrigation system. I went through there two years ago, and it is a paradise, producing 60 and 65 bushels to the acre. But within five miles of that district nothing at all grows—nothing but weeds blowing in the wind. It is my opinion that if present conditions continue it will be much cheaper to move all the people affected than to provide for them as under this Bill.

Hon. Mr. BUCHANAN: I should not like my honourable friend to lead people to believe that the irrigated areas are producing too much wheat.

Hon. Mr. HAIG: No.

Hon. Mr. BUCHANAN: The people there are getting out of wheat into other things.

Hon. A. D. McRAE: Honourable senators, I should like to say a word or two with reference to the dry district which the honourable junior senator from Winnipeg (Hon. Mr. Haig) mentioned. Thirty-four years ago I spent a considerable time in that section, and drove over it in a buckboard. That happened to be a fairly dry year. I am not exaggerating when I say that if you worked all day you could not pull grass enough to fill your hat. There is no doubt that from a long-range point of view it would be in the best interest of those people, and less expensive than the plan we are now following, to move them to better sections in the West. I made that statement in this House some years ago, for I recall that telegrams, far from complimentary, were sent to me by business people located in villages out in those areas.

That part of the country has been dry for seventy years. It should have been allowed to remain as cattle ranches, but unfortunately it has been broken up, and nobody knows how long it will take for the buffalo grass to come back, if it ever does. Undoubtedly we are faced with the alternative of continuing to give support to the people in that section or moving them to northern parts of the provinces, where there is undoubtedly land on which they can work out a living.

Hon. HENRY A. MULLINS: Honourable senators, perhaps I have had as long an experience in the West as most men. The whole area mentioned by the honourable junior senator from Winnipeg (Hon. Mr.

Haig) was originally nothing but ranching country. Around Lethbridge and west to the mountains it is rich and fertile, but in other sections, where the heavy Chinook came, the land has never been suitable for growing grain. I would refer honourable members to Mr. John W. Dafoe's book on Clifford Sifton, where he states distinctly that that never was a farming country. I was engaged in ranching there, and I had to give up. I let go 20,000 acres south of Medicine Hat. It is hard to describe the effect of the very hot winds out there. You might get a little moisture, and, as a result, have a small quantity of grain growing, but the whole thing would sometimes disappear in three or four days.

We threw up both hands and gave this land away to people. We said, "Here is a rich, fertile area, fertilized by the buffalo." But, despite all its richness, you cannot grow a crop without rain. It is true that once every ten or fifteen years you may get a heavy rain, and then anything will grow. You could put your walking cane into the ground and it would sprout. But in between there are long dry spells, when it is impossible to raise any kind of crop at all. So I agree with the honourable junior senator from Winnipeg that it would be wise to move the people out of that district.

I say again, honourable members, that the farmer who has not good live stock on his land is not a farmer at all. Look at the thousands of successful Ontario farms. Look at the farms down along the St. Lawrence, where the old habitant, before he dies, wills what is called a never-dying cow to be kept on in the family.

I am not talking from lack of experience. I may not be able to express myself as well as the legal gentlemen sitting on each side of me. I listened to their stories. I need not tell my honourable friend from Winnipeg (Hon. Mr. Haig) anything about my experience in the West. He lives in Winnipeg and knows what I was doing out there; and my right honourable leader opposite (Right Hon. Mr. Meighen) used to visit me, and he saw what I had done. To the young men who are walking our streets and holding out their hands for money, I would say, "In the West there is opportunity for you just as good as I had, or better." We pioneered in those days. I still believe in good live stock. I do not want to sell wheat. I can make a dollar a bushel out of my wheat by feeding it to hogs, at the price of bacon to-day. I can make 80 cents a bushel on an average crop of oats by feeding it to live stock. I believe in live stock—cattle and hogs. A man of experience can make good prices out of his grain by marketing it in the form of live stock.

Hon. Mr. MULLINS.

I am not antagonistic to the poor fellows who took the land away from us and drove us out. I have no ill-feeling towards them. I retired in 1926, when I exported my last shipment of cattle and quit the live stock industry. I sold my two farms of 1,000 acres each, on Portage avenue, one to an Irishman, the other to a Scotchman. They were both making money by feeding live stock and cutting wild hay. As I say, I do not want to oppose the poor fellows who drove us out. I told them when they came there, "It is no use trying to grow crops." I had been there many years and saw what the drought did.

And may I add, all the pests we had up there came from the United States. The honourable member from Lethbridge (Hon. Mr. Buchanan) knows that the mange came over the line into our cattle and we had to put in dip chutes. Then we had grasshoppers—they all came from the other side; and rust also. If we could only have a year without those pests, I believe there would be changed conditions in Western Canada.

Hon. Mr. MARSHALL: The honourable member from Winnipeg South-Centre (Hon. Mr. Haig) said that the effect of this Bill is to tax the good farmer to help the poor farmer. I hope he does not mean poor in the sense of incapable.

Hon. Mr. HAIG: Oh, no.

Hon. Mr. MARSHALL: As to the drought in Alberta, all the best crops this last year were in southern Alberta. The Peace river country was pretty well dried out, and they had a bad time getting a crop around Edmonton, because of lack of rain. The trouble is the rain does not come where you want it. With the exception of that Medicine Hat corner down to the boundary—

Hon. Mr. HAIG: Purple Springs.

Hon. Mr. MARSHALL: Well, that is on the way. Outside of that corner there was a good crop in southern Alberta. We had a bill before us a few days ago to take farmers in drought areas off the land and fence it for grazing purposes. You cannot peremptorily order a man to move off his place, but this Government and preceding Governments have been working over a period of years to classify this land. They are working now in Alberta, Saskatchewan and Manitoba to segregate lands that are marginal or sub-marginal in order to fence them off for pasture and try to re-seed them to some kind of grass. It may not give as good results as the original grass, but they are testing varieties which are making fairly good pasture. I hope that

never again will any Government allow those sections of land to be homesteaded.

In answer to a further objection I may say that this Bill will not keep men on the land very long, because all they can get is a couple of dollars per acre on half of their tilled land. If a man is seeding in the spring and sowing three-quarters to a bushel of wheat to the acre and doing the work necessary to put the land in good condition, he is not getting very much out of it in the form of a bonus of \$2. At best, it will help him along in the meantime. Those who will be taxed will have been fortunate enough to have a good crop. John Stuart Mill laid down what has always been regarded as a sound principle of taxation, that taxes should be levied on people according to their ability to pay. I do not think there will be any objection on the part of those who are best able to pay, to contributing to the proposed fund. The main purpose of this measure is to help the unfortunate fellows over the hill. And we must help them. If we do not do it in this way, we shall have to give them seed grain year after year. By this method they can preserve their self-respect. They know what they will get, and, if their land will not sustain them, whatever Government happen to be in power will continue to move them off, as both this and the previous Government have been doing, on to land that is more likely to have sufficient rainfall.

I am sorry to have to agree with my honourable friend from Winnipeg South-Centre when he says the reports are that so far this year is not giving very great promise of good crops. The outlook is fairly bleak. That emphasizes the necessity of this Bill, which constitutes an earnest effort to put the matter on a proper kind of foundation.

Hon. Mr. BEAUBIEN: In answer to the suggestion that there may be discrimination, will my honourable friend tell us how this Bill will operate in the case of farmers who grow products other than grain?

Hon. Mr. MARSHALL: The man who does not market any grain at an elevator contributes nothing under this Bill.

Hon. Mr. BEAUBIEN: He does not get anything?

Hon. Mr. MARSHALL: Oh, yes, if he is growing grain and has a crop failure; and you cannot raise live stock without growing grain.

Hon. Mr. BEAUBIEN: No, no. Take the farmer in the East who grows potatoes. What help does he get from the Government?

Hon. Mr. MARSHALL: Bless my heart! What would he do with potatoes out there?

Hon. Mr. BEAUBIEN: Just a second. The West is not the only part of Canada that must be looked after by the Government. Do you think this Bill is quite fair to the whole community when under it certain farmers are selected and given aid to the tune of some \$50,000,000 a year, but no attention is paid to farmers in other parts of the country who may be just as badly off?

Hon. Mr. MARSHALL: No. This Bill applies only to the provinces of Manitoba, Saskatchewan and Alberta and the Peace River spring wheat districts of British Columbia.

Hon. Mr. BEAUBIEN: I know. But has my honourable friend no difficulty in defending this proposed legislation when other provinces are not looked after at all?

Hon. Mr. MARSHALL: The other provinces have not had these calamities. We are trying to begin the collection of money from the Western farmers who have a crop. The money will not be collected outside of the three Western Provinces.

Hon. Mr. BEAUBIEN: You collect \$2,000,000. Where do you get the \$50,000,000 you pay out?

Hon. Mr. MARSHALL: We shall not pay \$50,000,000. Such a suggestion is quite absurd.

Hon. Mr. BEAUBIEN: At what sum do you estimate the annual cost?

Hon. Mr. MARSHALL: That is pretty difficult to calculate off-hand, but it will not be \$50,000,000 this year, when we are paying 80 cents for wheat, which practically amounts to a bonus of 12 cents a bushel.

Hon. Mr. DANDURAND: I suggest that my honourable friend (Hon. Mr. Beaubien) adjourn his questioning to the Banking and Commerce Committee, which will meet on this Bill to-morrow morning at eleven o'clock.

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

ADJOURNMENT—BUSINESS OF THE SENATE.

Hon. Mr. HAIG: Before we adjourn I should like to ask the leader of the House if we are going to sit on Saturday.

Hon. Mr. DANDURAND: There was some discussion of this question in the Special Railway Committee. I stated then that I was in the hands of the Senate, and that to-morrow we could decide whether or not we would sit on Saturday. If the debate on the railway problem is sufficiently advanced by to-morrow evening, we may dispense with a Saturday sitting; but I think it likely that we shall sit Saturday.

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

THE SENATE

Friday, May 12, 1939.

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

Prayers and routine proceedings.

PRAIRIE FARM ASSISTANCE BILL REPORT OF COMMITTEE

Hon. Mr. DONNELLY presented, and moved concurrence in, the report of the Standing Committee on Banking and Commerce on Bill 83, an Act to Assist Agriculture in the Prairie Provinces.

He said: The committee has made two minor amendments to the Bill. The first was suggested by the Law Clerk of the Senate and the Minister of Agriculture, and the second by the Minister of Agriculture.

The motion was agreed to.

THIRD READING

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

Right Hon. ARTHUR MEIGHEN: Honourable members, I desire to make a few remarks on the Bill at this stage. I make them not in the hope of defeating the measure, but because of my desire to put on record my views as to, first, the constitutionality of the Bill, and second, and far more important, the general tendency of legislation of this kind, of which this is perhaps the most conspicuous instance we have ever had.

As respects the power of Parliament to pass the measure, I draw attention to the fact that this is in reality a crop insurance scheme. It is not a taxation measure at all. There is collection of money under it, but not for the general purposes of the Dominion, an aim which must characterize taxation. In the committee the Minister sought to defend the

Hon. Mr. HAIG.

constitutionality of this Bill on the ground that Parliament may adopt any system of taxation it chooses. I think the words he used were, "It can adopt any mode or system." But the taxation must be a valid taxation and not merely a collection of money for an ultra vires purpose. The collection of money in the instance of this Bill is intended to provide an insurance fund for the purpose of recouping, or partially recouping, those who suffer from crop failure. Indeed, the scheme of this measure does not even call for contribution by the Dominion, as did the social insurance legislation recently declared invalid. The scheme contemplates that all payments will come from individuals. It may be that because of wrong calculations supporting the financial plan of this measure, the Dominion will have to contribute. In my opinion it will, and very heavily. But the general nature of the Bill does not contemplate that. It is an insurance measure through and through. Its taxation feature—if, indeed, it can be so described, which I for my part deny—is subsidiary and incidental. The whole general plan is an insurance plan. Therefore it is distinctly ultra vires, under the decision of a year ago.

It is also ultra vires under the decisions in the Board of Commerce case, the Snyder case and the Marketing Act case. Further, it would look to me to be such a Bill as will very likely be challenged, because indisputably it would compel individuals over large areas to contribute money for which they would get nothing back. I question the wisdom of this.

Were it not for the character of judgments we have had, of which the last is by far the most appalling example in this special line, this measure might be soundly based on the peace, order and good government section of the British North America Act. Unfortunately it cannot now be so based. Its legality cannot rest upon the Dominion's jurisdiction in agriculture, because it does not deal with agriculture. When agricultural products are severed from the soil and processed, or even severed without being processed, they become articles of commerce. Nor can the measure be justified on the ground of our trade and commerce jurisdiction, because it has nothing to do with trade and commerce.

When the social insurance legislation was before Parliament vigorous efforts were made to convince the country that it was ultra vires. I did not think it was. It was not ultra vires under the Board of Commerce decision, as this one is; and it could not have been ultra vires under the Marketing Act decision, because that decision had not then

been rendered. But the law lords of the Privy Council no doubt had knowledge that at least one political party in Canada was urging that it was ultra vires, and they knew of course that the nine provinces, as represented by their governments, were so contending. In that atmosphere they gave their judgment. They cannot give any other now. This measure is far more clearly ultra vires than the Social Insurance Act. It would have been declared ultra vires even then, but now, after that pronouncement, it cannot be declared otherwise.

I know there are those who say, "Well, pass it anyway, and maybe it will precipitate some change in the statute which is the foundation of our Constitution." Well, I would rather go about the matter more frankly and more directly. I fear vast sums will be paid under this legislation and we shall be left in a bog.

My next words are addressed to the general character of the measure. That it has features laudable from one angle of view, there is no question, and I for one do not doubt the bona fides of the Minister who introduces the Bill. We have for years been purchasing one of the great commodities of this country—wheat. We have been doing so because we could not witness the devastation which would result throughout Western Canada if a certain price were not paid for its primary crop. At the same time we have been contributing many millions to alleviate distress and maintain subsistence on a rather meagre but reasonable level. The Minister's attitude—and it is the only attitude anyone can take who favours this measure—is that he would much prefer to have people in our agricultural districts who suffer distress because of failure of their crop, and in a major degree through no fault of their own, placed in a less humiliating position than that of being in receipt of relief. I should prefer it too, but what I do fear, and what I am as convinced of as I can be of anything, is this: you cannot work the scheme of civilization in harmony with the liberty which we have as free citizens in a democratic country on any National Socialistic basis. It may not be a pleasant conclusion to reach, but it is inexorably true, that free people cannot maintain their institutions and make the machine function without the suffering of people who through failure of individual effort or by the hand of fortune are in distress. It cannot be avoided. We got away from it in some degree, though not so far as we are getting away now, in respect of old age pensions. We lifted off the individual what seemed like some measure of humiliation due to his failure to store up something to live on in his old age. Now we know the abuses which have

resulted. Yet the old age pension scheme has more to defend it, because the individual must be in need before he is entitled to a pension, but assistance under this proposal is not based wholly upon need. Clearly under this Bill, and frankly by the word of the Minister who is its sponsor, a man may be in receipt of this insurance when he has no need at all.

Hon. Mr. DANDURAND: Exceptionally.

Right Hon. Mr. MEIGHEN: It may be exceptionally. I will come to a discussion of that a little later. It is based, not upon need, but upon the principle of insurance. Really it is insurance to which the State will have to contribute without question, and in tremendous measure.

When you take away the consequences of failure, due in many cases to shiftlessness—not always, but very often, in major degree—you take away that incentive which is the essential of a free people. The democratic machine cannot continue to operate in that way. Under the totalitarian system there would not be much difficulty in directing people on semi-desert land to go where the State says they ought to be; but it cannot be done under the institutions we support. We put a premium on their staying on this semi-desert land, and if failure comes they will not feel they are in receipt of charity, but will be supported in the belief that what they are getting is their right.

I should like the State to be able to do all these things now proposed, but it cannot. When you try to make democracy work along with National Socialism you produce two results. First, you drive irresistibly towards bankruptcy, for he who promises the highest and widest distribution gets the vote. You also weaken the moral fibre of your people. The two systems will not go together. Other states have tried, and you know what has resulted. We may try, but year by year we find ourselves down deeper and ever deeper financially, with the moral fibre weaker and ever weaker; and the end need not be described.

For these reasons I am opposed to the measure. I do not say this Government is the first to take this path, but I believe the path is wrong, and we must recognize the truth and reverse our steps.

The Hon. the SPEAKER: Is it the pleasure of the House to adopt the motion for the third reading of the Bill?

Some Hon. SENATORS: Carried.

Right Hon. Mr. MEIGHEN: On division. I do not know that anyone else is opposed to the Bill, but I want to go on record as being against it.

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

BRITISH COLUMBIA-ALASKA HIGHWAY DISCUSSION CONCLUDED

The Senate resumed from Monday, May 8, the adjourned debate on the question proposed by Hon. Mr. Griesbach, drawing the attention of the Senate to a proposal for the construction of a military motor road from the United States boundary through Canadian territory to the United States territory of Alaska.

Hon. J. W. deB. FARRIS: Honourable senators, some time earlier this session I thought seriously of introducing a resolution on this important question, but as I thought it was mostly of interest to Western members, I felt that as a junior member I should not venture to bring it to the attention of the House. However, after the remarks of my honourable friend from Edmonton (Hon. Mr. Griesbach) the situation now appears to me to be somewhat changed. It has ceased to be a local or even a national question. The honourable senator has told us what, I presume, is the sole basis of his action. He states there is some apprehension lest this road, if constructed, involve us in serious international complications with our neighbour the United States, or, worse still, in a war with Japan, into which we may drag Australia, New Zealand, South Africa, England—in a word, the whole British Empire. If that be the situation, I have no hesitancy in discussing what he deems to be a grave national problem.

In his notice the honourable member states:

That he will draw the attention of the Senate to a proposal for the construction of a military motor road from the United States boundary through Canadian territory to the United States territory of Alaska.

I listened with the keenest interest to my honourable friend's opening remarks. He said:

Coupled with the advancement of the money necessary for the cost of construction is the further proposal that the road shall be made available to the United States in time of war, for the movement of troops and military supplies.

The Hon. the SPEAKER.

At the time I very humbly put to him this question:

May I ask my honourable friend who has proposed that the road should be made available to the United States in time of war?

He answered:

It is proposed in a Washington dispatch.

And he mildly reprimanded me in these words:

I do not see how anyone from that province can be ignorant of that aspect of the matter.

Well, for my part I am not ignorant of the fact that in some Washington dispatch such a proposal may have been made. My honourable friend in a later statement, referring again to this Washington dispatch, said that the question had been discussed in some newspapers in British Columbia. I am not ignorant of that, and other honourable members of this House are not ignorant of it; but I was ignorant of the fact that a Washington dispatch could be the basis of a serious discussion of threats of war and of international complications such as have been suggested.

Hon. Mr. HUGESSEN: And the Halifax submarine.

Hon. Mr. FARRIS: At least someone claimed to have seen that.

When my honourable friend (Hon. Mr. Griesbach) speaks again, in reply, he may have more information on the subject, but up to date there is not a single word, except some newspaper gossip, upon which to base this most serious proposition that we should refrain from the construction of this road because of the possibility that it may involve us in war with Japan.

So far as the discussion to date is concerned, I think that, having given a complete answer in regard to this cloud of war which was so graphically described, I might stop here; but the question is entitled to discussion on far greater and more fundamental grounds, and, with your permission, now that it is before us, I shall proceed to deal with some further aspects of the case.

The honourable gentleman, having based his contention on a dispatch by a reporter, whom we know not, in a newspaper which is not named, proceeds to bolster up his case by the suggestion that there are circumstantial reasons why this dispatch is probably true. The circumstantial evidence he offers is the statement that the road can be of no earthly use to the United States except for military purposes, and that it is of no use at all to Canada. I quote from four paragraphs of the honourable gentleman's speech as reported at page 316 of Hansard. First:

The only revenue possible from this proposed road would be by way of tolls. It is not a commercial proposition in any sense; it is simply a military road.

Again:

What should interest everybody is the nature of the agreement to be entered into. Its sole purpose would be to aid the naval and military situation of the United States in case of a conflict.

And again:

It is obvious that the road is not in competition with sea-borne traffic at all, and it can be of no value whatever except for military purposes.

And, finally, in the next column:

I need not discuss the peculiar views of such persons, but I would certainly direct attention to the fact that, having regard to the importance of the road to the United States in the event I have described, and the practically entire uselessness to Canada of such a road meanwhile, we may assume the United States will not put a dollar into the construction of that road unless there are assurances by somebody in Canada that the road will be made available for military purposes in time of war.

These statements having been not only made in this House, but also broadcast in the newspapers of Canada, I think that those of us who are convinced that this road would be of real value to Canada, apart altogether from the military imaginings which have been offered, should challenge such propositions as being entirely incorrect. I hope, honourable members, that we are not so obsessed with what we hear at this time about war, and the Polish Corridor, and impending disaster, as to be unable to consider some of our own local problems on their merits, and in their commercial and social aspects. I cannot picture British Columbia as a Polish Corridor. I cannot picture to myself any situation in which any military road, whether of fifty miles or fifty yards, would develop on this continent any condition comparable with those troublesome conditions existing in Europe at the present time. I would ask honourable members, therefore, to look for a moment at this question from the standpoint of the United States and the standpoint of Canada.

From my knowledge of the Alaska highway as part of the great proposed highway from South America clean through to Alaska, I would say that so far as the United States is concerned the military aspect is purely secondary, and was not at all in the minds of the people or the Government of that country when this scheme was initiated. I think I should point out that there are two factors that might give the military aspect more colour than is warranted. One is that those who were advocating the road in the United States would naturally offer to their own

people every possible reason for the advancement of the scheme, and if to some people the military aspect presents a good argument, it will, of course, be used whether it is the most important one or not. Another feature which has a bearing on this question, but which probably is somewhat misleading, is the fact that the engineering work of the United States Government is entirely in the charge of the War Department. When bridges or docks are to be built, or such works as the Boulder Dam undertaken, the only engineering organization to handle them is that of the War Department. To it is entrusted the task of carrying out any public work in the United States, whether its aspect is military or civil.

Alaska comprises a territory one-fifth the size of the United States. I took the trouble to go to the Library and look up the 1938 supplement of the Encyclopaedia Britannica for information in this regard. This territory, with an area of 590,000 square miles, has a population of more than 60,000. In addition, there is a tourist population exceeding 30,000 a year. The value of Alaska's production in 1936, the last year given, is as follows: fish, \$50,000,000; minerals, \$23,000,000; furs, over \$2,000,000. Furthermore, there are forests available with an estimated quantity of eighty-five billion feet, board measure, of saw timber.

Here is this vast empire with great resources, but, as yet, a small population. Would it not be most remarkable if United States citizens in that territory and in other parts of the United States were not unanimous in desiring the establishment of highway communication between those two portions of that great country? There is no need to conjure up reasons why such a road should be regarded as necessary. To say that it would be of no use for purely national, commercial, social or industrial purposes is to overlook entirely the local conditions and the geography of that territory.

In the next place I would call the attention of honourable members to the fact that the United States Government about the year 1930 took steps to promote the Alaska highway. This was not done by the Government of the United States alone. At that time the Premier of British Columbia, Honourable Dr. Tolmie, formerly Minister of Agriculture for the Dominion and a colleague of my right honourable friend opposite (Right Hon. Mr. Meighen), was very active in the promotion of that road. In those days we never heard a word from any quarter about military matters. In 1933 the American commission made a report. I have a copy of it in my hand. That commission had met on various occasions with

the Canadian commission, which comprised in its membership Mr. J. M. Wardle, Chief Engineer of the Parks Branch of the Federal Department of Public Works, Mr. George P. Napier, Assistant Chief Engineer of the Department of Works of British Columbia, and the Hon. George Black, then Speaker of the House of Commons and member for the Yukon territory.

I find in the report of the American commission, at page 2, a summary of the reasons why it considered this road to be of advantage to the United States.

The benefits to be gained from the project from the American point of view are:

(a) Development of Alaska through making the territory accessible by highway, resulting in an increase of population and consequent increase in revenue from taxes, tending to decrease the present necessity for federal appropriations for the support of the territory.

(b) The road would be a great contribution to the welfare of American citizens now living in Alaska under adverse conditions, by providing a physical connection with the vast continental road system.

(c) Opening of new country that is now practically inaccessible, giving opportunity for settlement, investment of capital and employment.

(d) The new road would make accessible to the continental highway system the existing road net in central Alaska comprising about 900 miles, providing a new and valuable area for exploration, for recreation, or for business purposes.

(e) The highway would foster air commerce with Alaska by furnishing a guiding landmark and providing service to aviators along the most practicable flying route to the interior of the territory and to Asia.

(f) Promotion of friendly relations between citizens of United States and Canada.

There is not a word in this report about a military highway.

Now, there is one point I want to develop for just a moment. I might hesitate to do so if my remarks applied only to the United States, but some of them apply equally to the reasons why Canada should be interested in this road.

I find at page 31 of this report some very interesting information with regard to aeroplanes.

Western Canada and Alaska occupy a most significant position with respect to possible air travel between the old and new worlds. There is no land bridge across the Atlantic ocean that does not include jumps of hundreds of miles over open water, constituting a threat against aeroplanes that may not be overcome for many years, but Asia and America are separated by only 56 miles at Bering Strait, and even this short distance is cut in two by the Diomed Islands, which lie midway between East Cape, Siberia, and Cape Prince of Wales, Alaska. Nor does the fact that this strait is in the far north result in a long detour from the direct routes between many Ameri-

can and European or Asian points, as might be supposed by those who have not studied the relation between various places in the northern hemisphere as they actually are on the globe.

From New York or Montreal to Europe, the shortest distances are, of course, by way of the Atlantic ocean, but to Asia the distances are less by way of Alaska and Siberia. For example, the shortest line between New York and Tokio passes through midwestern and western Canada and through Alaska, just a few miles north of Fairbanks. From all Pacific coast American ports, the shortest air-line routes to Asia, as far west as India or Persia, lie close to Alaska. Alaska, therefore, owing to its favourable strategic location, is the most suitable jump-off point for air travel to Asia.

And later on there is this statement:

The best air route from western United States to the interior of Alaska is approximately over the same valleys in which this proposed Pacific-Yukon highway is to be built.

The advantages of this route over a route directly along the coast are then set out.

Everyone knows how essential it is to efficient and safe air traffic to have on the ground good motor roads.

These are, briefly, the reasons formulated by the American commission in 1933, which I say are a direct challenge to my honourable friend's statement that this road would be of no use whatever to the United States.

Hon. Mr. GRIESBACH: I think my honourable friend is misquoting me there. The point I made was that the road would be of no use to us. I never denied that it would be useful to the United States.

Hon. Mr. FARRIS: I have read what my honourable friend said about its usefulness to the United States, and I invite honourable members who are interested to read it for themselves. I do not think I need repeat it.

Now I come to the Canadian viewpoint with respect to this road. Coming from British Columbia, I am perhaps more concerned about this matter than I should be if I were still living in my native province of New Brunswick, but I have an idea that nowadays Canadians, regardless of what part of this great Dominion they live in, do take a deep personal interest in the welfare and prosperity of every other part, and I say without any hesitation, honourable senators, that the construction of a highway through British Columbia to Alaska, far from being, as my honourable friend has asserted, useless from the standpoint of Canada, would be of great advantage to our country.

Let me remind honourable members that in British Columbia we have another empire, comparable in size to Alaska, and of course

Hon. Mr. FARRIS.

far ahead of Alaska as a desirable country in which to live. The Grand Trunk Pacific Railway, roughly speaking, divides the province into two great areas, the north and the south. There is as much provincial territory north of that railway as south of it, and the northern half is virtually an undiscovered and unknown country. With few short exceptions there are no highways north of the Grand Trunk Pacific; the country has not been opened up. In that vast area and in large sections of the Yukon we have the last Great West on the North American continent. Anyone who says that a road traversing the very heart of that great area, a road which would open up a new territory half the size of the whole province of British Columbia, would be useless to British Columbia and Canada, has in my opinion a very small conception of what our Dominion is and of the resources in that part of it.

Now, honourable members, I have been able to get some information of a definite type about the territory which would be traversed by the proposed highway. Of course, no one can have a great deal of definite information about this subject, because the country has never been opened up. But the little that we have discovered gives great promise for this last Great West. My information comes from the Minister of Mines of British Columbia, the Honourable Mr. Asselstine, who is himself a practical mining man and familiar, as very few persons are, with northern British Columbia. Two or three routes have been proposed for the road. It think it is pretty well agreed that it would have to run through the interior of British Columbia; that it would be impracticable to have it skirt the coast line. Referring to the proposed eastern route, Mr. Asselstine says:

The eastern route follows the Rocky Mountain trench for a large part of its length. It would provide ready access to two areas in which very rich placer deposits have been worked—the Omineca-Manson creek and the Dease-McDame creek areas—as well as to promising prospective areas in the Liard-Frances-Pelly river section. Here again little lode prospecting has been carried on, but the region west of the route seems, from superficial examination, to be well mineralized. The geological formation is, for the most part, similar to the Cariboo district.

I am sure all honourable members know of the importance of the Cariboo district to British Columbia and Canada.

This route would provide access to the mica and beryl deposits now being worked near Fort Grahame, to the semi-anthracite coal deposits near Hudson Hope, estimated at seven billion tons, and to the silver-lead-zinc deposits of the Ingenika country. Several copper prospects

have been discovered in the Omineca district, while small deposits of placer tin and placer platinum occur in the Finlay and Pelly rivers.

I wish to repeat to honourable members that the available information on the district is only superficial, because there has so far been very little opportunity to carry on investigation. But what little is known is certainly most assuring. Here is what Mr. Asselstine's memorandum quotes with respect to agricultural prospects in the territory:

I have no hesitation in predicting a great future for the Finlay-Parnip valley. Between the mouth of the Ingenika on the north and the confluence of the Nation river with the Parnip on the south, I would conservatively estimate the good land at 500,000 acres. The Finlay valley varies from six to eight miles in breadth, the country being flat and the soil good right up to the mountain ranges paralleling the valley on both sides. The soil is black loam in the river bottoms and sandy or clay loam back of the first bench. Originally the valley was heavily timbered, spruce predominating. Large areas have, however, been burnt over and reforested with pine, poplar, willow, and some birch.

The main valley of the Nation lakes extends directly east and west for a distance of about 60 miles, and with its tributary areas comprises, roughly, 300,000 acres, 85 per cent of which is available for the various purposes of farming. To what agricultural purposes these soils may be best adapted would be determined as a result of more or less experiment in the future. On every hand is evidence that the loams are very fertile. A vigorous growth of grasses, shrubs, and weeds springs up where fire has opened the country and seed has found its way. Special mention must be made of the smaller wild fruits, which, where found, grow most luxuriantly and bear heavily.

As honourable members know, agriculture and mining often go hand in hand in the West. In the central and northern valleys of British Columbia no farming would be done if the produce had to be shipped to Edmonton, Calgary or Vancouver, but, as small mining communities spring up, there is an incentive to develop agricultural areas tributary to them. In the vast territory north of the Grand Trunk Pacific, mining would be facilitated and encouraged by the opening up of this highway, and farms would follow as a natural consequence.

With reference to the triangle with sides formed by the Manson Creek trail on the east, the parallel of 55° 30' on the north, and the line of Tatla, Middle river, Tremblay, and Stuart lake as hypotenuse, it is stated:

This undulating area, with an average elevation of 2,500 feet, contains about 400 sections of good agricultural land, as far as cruised; the balance of the flat country being jack-pine flats more or less gravelly, and crossed by gravel moraine ridges. The whole plateau country is well watered, there being a maze of small lakes and connecting streams. Meadows and willow bottoms are fairly numerous, but there is almost an entire absence of muskeg, the

meadows, although often wet, having hard bottom almost invariably.

Under the heading of "Tourist Trade," the memorandum has this to say:

The Alaskan highway will be a great tourist attraction. Most of the traffic will undoubtedly be of American origin, motivated by a desire to see America's only continental possession. The 2,200 mile trip from Vancouver to Fairbanks will, however, be within the range of only the wealthier tourists. British Columbia will be in the fortunate position of being the chief gainer of all American and Alaskan publicity to see Alaska.

There will be another group of tourists drawn to northern British Columbia because of the unrivalled game and fishing resources of this area. The district north of the Grand Trunk is noted as being the best big game district on the continent. In the Cassiar district record trophies have been secured of moose, caribou, stone, fannin and Big Horn sheep, mountain goat, grizzly, silver tip and black bear. In addition, the smaller fur-bearing animals such as beaver, muskrat, fox, mink, marten, weasel and otter are plentiful.

An analysis of the estimated tourist traffic which would be attracted to this highway is given at page 37 of the American commission's report of 1933, to which I have already referred. It gives a conservative estimate of the number of cars likely to travel over the new highway the whole distance to Dawson or Fairbanks, the first year the highway is open, as 3,100; the second year, 3,300; the third year, 3,500; the fourth year, 3,750, and the fifth year, 3,950. Most estimates are three or four times as large as this, and only the imagination can picture the very much greater number of cars that would take the shorter intermediate trips, all of which would terminate in the province of British Columbia.

I have already quoted from the American commission's report to show the assistance that the road would give to aeroplane travel. From this and the other viewpoints that I have mentioned, indications are that industrial and financial benefits accruing from the road to British Columbia, and therefore to Canada, would be far greater than those to the territory of Alaska. It is true that one of our motives for constructing the road could not be the bringing of Canadian citizens in the far northern parts of British Columbia into contact with their southern fellow citizens, since none of our people are living in those northern areas. Nevertheless, I submit, we are interested for sentimental as well as financial reasons in seeing that this great area is opened and developed.

In these sketchy remarks I have attempted to show why my honourable friend from Edmonton (Hon. Mr. Griesbach) has no logical justification for concluding that the main, if not almost the exclusive, purpose of

the proposed road would be a military one, and that the people of Canada would not be interested in it for any other purpose.

I want to say a little about the military aspects of the road. I hesitate to do so for fear that I may play into the hands, if I may so put it, of my honourable friend. I should be sorry to have anyone regard my discussion of the military aspects of the highway as evidence that British Columbia is advocating its construction because of those aspects. I have no hesitation in saying that any argument advanced from a military standpoint would not support my honourable friend's position, but would show an additional reason why the road would be beneficial to the province. My honourable friend has indicated that in this connection there are two distinct problems, and I should prefer to discuss the matter on the basis of those problems. First, he says, construction of the road might lead to the surrender of our sovereignty over the territory affected; and his second point was, in effect, that in certain circumstances it might prevent the possibility of our remaining neutral and thereby involve us in international complications.

As to his first point, I certainly do not know of any Canadian, and I think there is none, who for one minute would even dream of the idea that we should surrender any of our national territorial rights. Opposition to that must be accepted as common ground. My honourable friend seems to be worried over what might happen if the road were constructed with American money. There is nothing very startling, I suggest to honourable senators, in having works constructed in Canada with American money. A lot of capital has come over to this country from the United States, and we do not regret the fact. It has been of inestimable advantage in the development of our country. And in connection with this proposed highway no suggestion has ever been made that we should surrender any of our sovereign rights. If honourable senators will read the Order in Council which my honourable friend incorporated in his speech, they will see that the commission appointed by the Dominion Government is empowered only to investigate, to survey, to find out facts and report to the Government what the real situation is. One would not think the appointment of that commission a very perilous step to take. I am confident that if, as the result of inquiries about to be made, something is done towards the construction of this road, no matter what Government may be in power in this Dominion when the necessary treaty is being negotiated, it will contain in unequivocal terms ample safeguards to preserve our sovereign rights.

Let me call my honourable friend's attention to these facts. The Canadian National Railway system is government-owned—sometimes we say, to our sorrow, from the financial standpoint. This system owns and operates certain lines in the United States, and I will mention three: the Atlantic and St. Lawrence, running to Portland, Maine; the Central Vermont Railway, Incorporated, running through Vermont; the Grand Trunk Western Railway, running to Chicago. These lines are held by American companies, subsidiaries of the Canadian National Railways. I submit there is no difference in principle between owning a railroad and owning a highway. I do not think anyone in the United States ever has suggested that by our ownership and operation of railways there the territorial integrity or sovereign rights of that country are in any degree adversely affected. Conversely, the purchase of freehold property in Canada by individual citizens of the United States does not arouse comment. No one is concerned about such transactions prejudicing the sovereign rights of Canada.

My honourable friend directed his main argument to the question of the maintenance of our neutrality in the event of the construction of the proposed road. Three situations might develop: the United Kingdom might be at war, say, with an Eastern power; Canada might be at war in alliance with the United States; the United States might be at war with Japan.

Let us imagine Canada at war. Then the Alaska highway would certainly be no disadvantage. In fact, I have under my hand a petition to His Majesty's Privy Council for Canada which seems to indicate that the road would be a distinct advantage; but apparently the petitioners are mainly concerned to have the highway routed through Edmonton. The petition is dated March 6, 1939, and is signed by their respective presidents and secretaries on behalf of the Alberta Motor Association and the Edmonton Chamber of Commerce, and by the chairman for the joint committee of those two bodies. Let me give honourable members the first paragraph:

The petition of the undersigned humbly submits:

1. That a highway constructed for military purposes ought to be constructed:

(a) Where it is possible to keep communications open for the longest period of the year with the greatest ease;

(b) Where it will be least accessible for destruction by enemy attack;

(c) The above-mentioned essential conditions being given due consideration, where the way will be most easily constructed and maintained;

(d) Where the way will be most accessible to the greatest number of junctions with other highway connections;

(e) Where it may be served by the largest number of other transportation facilities.

I am rather surprised at my honourable friend not letting charity begin at home. I have no doubt he is a prominent member of both the Alberta Motor Association and the Edmonton Chamber of Commerce. Surely he should have devoted his missionary work to the enlightenment of his own constituents, for, had he pointed out to them the grave dangers lurking in this proposed highway, they might not have fallen into the error of submitting this two-page petition to the Government of Canada.

As to what might happen in the event of Canada and the United States being jointly at war, surely my honourable friend would not for a moment suggest that this Alaska highway would be a menace to our nationhood if the two countries were allied.

I come now to the third point, the preservation of our neutrality in the event of a war between the United States and Japan. I was so much interested that I read not only my honourable friend's speech of last Monday, but also a speech of his delivered in this Chamber in 1934, in which he dealt with international law and pointed out what might happen if we did not have an armed force sufficient to maintain our neutrality. All I have to say is that if the only occasion for an armed force would be to maintain our neutrality in the eventualities which he has conjured up, it is certain that the people of Canada would never become very much exercised over the lack of military preparation.

But let us consider the maintenance of our neutrality on the supposition that the United States is engaged in a war with Japan. As, apparently, my honourable friend did not approve of my interpretation of what he said, I would direct attention to this citation from his speech of last Monday, as it appears near the top of page 360 of the unrevised edition of the Senate Debates:

It is obvious that the road is not in competition with sea-borne traffic at all, and it can be of no value whatever except for military purposes.

Presumably he means it would be of no value except to the United States. Now follows the part to which I would draw particular attention:

It would be urgently needed only if the United States lost control of the north Pacific ocean in a war with Japan. Then, of course, it would have an outstanding value to the United States.

I want honourable members to get the full implication of that statement. I do not think my honourable friend has ever realized what would be the viewpoint of the citizens of British Columbia in that eventuality.

May I say, I am not sure that my honourable friend is entirely correct in his interpretation of international law governing our obligations as a neutral. I agree there is considerable authority for his view, but I would point out that while Lord Birkenhead may be quoted in support, yet he admits that one hundred years ago the doctrine of neutrality in regard to allowing foreign troops to pass through neutral territory was entirely different, and that to-day it is at best a controversial question. International law is a somewhat nebulous thing to-day, and I submit that if Japan were at war with the United States, and we were not able to prevent the passage of United States troops over our highway from one portion of their territory to another, this would be a very slim ground for Japan declaring war against Canada. It might, after those two belligerents had arranged their differences, be a ground for action in the courts with respect to property damages flowing from such alleged breach of neutrality.

But my main purpose in discussing this military question is to deal with what my honourable friend sets forth as the very basis of his argument, the statement that in the event of the Japanese fleet defeating the United States fleet, Japan would be dominant in the northern sea and we should find it difficult to remain neutral. In the name of Heaven, who would want to remain neutral under those circumstances?

Some Hon. SENATORS: Hear, hear.

Hon. Mr. FARRIS: Time and again public men in Canada and the United States call the attention of the world to the happy relations which have existed between these two countries for more than 130 years, and are proud to point to the unfortified boundary line running from the Atlantic to the Pacific. Do we appreciate what that means—that there is no other country in the world so fortunately situated as Canada and the United States? Australia has not the good neighbour that we have; neither has New Zealand, nor South Africa, nor Great Britain herself.

But I should like to call attention to the fact that we have an equally important boundary line in the north where Alaska stretches along the northern boundary of Canada for fully 2,000 miles. There are good reasons why we wish Alaska belonged to us;—

Some Hon. SENATORS: Hear, hear.

Hon. Mr. FARRIS: —but, failing that, we are very thankful Alaska belongs to the United States.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. FARRIS.

Hon. Mr. FARRIS: The Alaskan boundary comes down within gunshot distance of the city of Prince Rupert and of the Grand Trunk Pacific railway, now part of the Canadian National Railway system. Under no circumstances would I utter an offensive word against the great nation of Japan. We respect that great country, but we have our own conception of the people whom we wish to settle in Canada, and we are determined to resist penetration by other races, just as Japan is. It is no reflection on either that the other nation has that viewpoint. We in British Columbia feel very strongly on this question. We know something about Japanese penetration. But this is no reflection on that great nation; rather, it is a recognition of their skill, their ability, and their untiring capacity for hard work. Though we in Canada have religious differences, we all go to the same Book for our religion; but the religion of Japan is fundamentally different from ours. We respect the Japanese, but we know that intermarriage, in the isolated cases in which it happens, is not to the credit of either race. These fundamental differences extend also to language and system of government. Yet if my honourable friend's suggestion should prevail, and we were to maintain our neutrality in case the American fleet lost control of the northern sea, there could be only one result, unless later the tide of battle changed: our neighbours in the north would be the Japanese.

Hon. Mr. GRIESBACH: No. Before the honourable gentleman goes further, I might point out that in naval warfare it quite frequently happens that one of the belligerent fleets loses control for a while. On the other hand, it might not lose control at all, but existence of a submarine menace might deny that particular fleet the use of its mercantile marine.

Hon. Mr. FARRIS: Quite true. I understand what my honourable friend has said, but that does not affect my argument. If for the time being the Japanese fleet were dominant, its success might be the first step towards permanent control; though you may be so confident of ultimate victory by the United States as to say that the alternative need not be considered. However, I would ask my honourable friend to think of what would be the feelings and viewpoint of the people of Canada if the Japanese fleet had at least reached the first stage of control by their northern fleet. I say our main apprehension would be: "If this goes on, our neighbours in the north will no longer be people of the United States. Into this great wilderness of ours, where we have no highway

and where the shore-line is indented with innumerable bays and inlets, these new-comers are moving down over 2,000 miles of boundary line." Yet in those circumstances my honourable friend wishes us to be concerned lest we could not remain neutral!

Picture conditions to-day, with the United States as our neighbours in the north. We have a common language; our political institutions and our common law spring from the same sources; and we understand each other, because we are similar in all those fundamentals that go to make up our common civilization. Most certainly neither my honourable friend nor I would wish to see any change in Alaska such as might occur in the eventuality referred to. If that time ever does come, I shall have no quarrel whatever with my honourable friend's emphasis on the fact that it might be necessary for the integrity of Canada itself that our boys should again be on the battlefields of Europe. If, as my honourable friend has suggested, we are likely to be menaced by reason of having a new neighbour in the north, I would say that is no reason for trying to block the building of this road. It is one of the strongest reasons why we should have it.

I shall close by recalling to honourable members a statement made by President Roosevelt at Queen's University in August last. He said:

The Dominion of Canada is part of the sisterhood of the British Empire. I give to you assurance that the people of the United States will not stand idly by if the domination of Canadian soil is threatened by any other empire. It has been said that that statement was made in the interest of the United States. Let us grant that to be so. If the United States say they want no other neighbour than Canada, we can say with equal force and conviction, and, if you will, with the same interest, that we want no other neighbour than the United States.

At about the same time as President Roosevelt made this statement, the Prime Minister of Canada spoke as follows:

The people of Canada deeply appreciate all that is implied by the President's visit. At the same time, they know they have their own responsibilities for maintaining Canadian soil as a homeland for free men in the Western hemisphere.

They will be quick to see that the assurance given by the President has, if anything, increased, rather than lessened our responsibilities. We too have our obligations as a good and friendly neighbour, and one of them is to see that at our own instance our country is made as immune from attack or possible invasion as we can reasonably be expected to make it, and that should the occasion ever arise, enemy forces should not be able to pursue their way, either by land, sea, or air, to the United States across Canadian territory.

I think, honourable senators, if this new aspect of which we have heard had been presented to the Prime Minister, he would have added, as I think we all would add, that if the time should ever come when a foreign nation threatens to supplant the United States on this continent we should be as ready to resist it as President Roosevelt said the United States would be to resist the domination of Canadian soil by any other empire. Therefore, as far as this Alaska highway is concerned, I think some of the fears conjured up by the honourable gentleman from Edmonton (Hon. Mr. Griesbach) have little or no foundation. Let us consider this proposition from a business point of view, always remembering that if there is such a menace as the honourable gentleman has suggested, that is not a reason for holding back, but is an additional reason why we should face what is ahead of us, take our share of responsibility, and act as a sensible and practical people.

Some Hon. SENATORS: Hear, hear.

Hon. W. A. GRIESBACH: If nobody else wishes to speak on this subject, I would exercise my privilege of closing the debate.

It might be well at this time, honourable senators, again to draw your attention to the subject-matter of this discussion. The notice which I gave was that I would—

—draw the attention of the Senate to a proposal for the construction of a military motor road from the United States boundary through Canadian territory to the United States territory of Alaska.

Turning to my closing remarks, I find this:

This is a matter of outstanding importance, fraught with serious consequences to this country, and I hope that no very definite or positive action will be taken by the Government without Parliament first having an opportunity to examine into the matter from the point of view not only of the best interests of Canada itself, but of the Commonwealth and the Empire as a whole.

What I sought to bring to the attention of the people of this part of Canada was the fact that there had been a proposal to construct a motor road from the United States through Canada to Alaska, and I venture to say that many people living in eastern Canada had never even heard of it. I then undertook the task of describing how it was proposed to build this road.

I know that a commission has been appointed in the United States, and another in Canada, and that they are discussing the whole subject; but we are bound to take cognizance of what is said in American newspapers and by American public men, just as we are bound to take cognizance of what is being said by our own people. The informa-

tion that comes to us through the press is simply this: that the Premier of British Columbia has interested himself in this proposal. I have to-day received from British Columbia a letter which tells me that when the late Dr. Tolmie was advocating the building of this road the present Premier of British Columbia opposed such a scheme, but that he now supports it. I do not attach any importance to that, except to note that he has changed his mind. He has been to Washington and has conferred with the Government there, and certain negotiations have taken place with respect to the construction of the road. One newspaper story is that the Secretary of the Interior of the United States offered to lend \$20,000,000, presumably to the province of British Columbia, for the construction of the road, and that the people of British Columbia said, "No." The story heard in Western Canada is that the province of British Columbia has no money to build the road and will borrow no money for that purpose, and that if the road is built it will be paid for by American money to be found, presumably, by the Government of the United States.

Hon. Mr. FARRIS: Will my honourable friend permit me to read a statement made by Premier Pattullo this week? I should have read it when I was on my feet before.

Hon. Mr. GRIESBACH: Certainly.

Hon. Mr. FARRIS: This is the report of an interview sent to the Victoria Times by Mr. Bruce Hutchison, one of the most outstanding newspaper men in Canada. It is as follows:

I have heard no suggestion by anyone in British Columbia that the United States should build any road in that province. We build our own roads. Except as Canada might declare to the contrary in a national emergency of some kind, the roads are entirely under provincial jurisdiction. One might paraphrase Kipling and say that the roads are ours to open, the roads are ours to close.

Hon. Mr. GRIESBACH: As I said in the course of my opening address, I am quite familiar with all the subterfuges adopted, such as the organization of a private company which will sell bonds, to conceal the fact that the United States Government are interested. But the point is that there is no money in British Columbia to build this road, and there is no likelihood of the money being raised anywhere in Canada.

My honourable friend was most eloquent in describing the north country which was to be developed by this highway. I could not help noticing the startling resemblance

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which his remarks bore to some of the speeches delivered in advocacy of the construction of the Trans-Canada Railway. We were told of the tremendous wealth of agricultural, timber and other resources which were to be developed by that railroad, but for twenty years it has been a derelict, and its bones are bleaching in the sun. But let that pass. I quite agree that the northern part of British Columbia is a great territory, and that it should be developed; but with the experience we have had in this country we will not undertake anything of that sort unless we can clearly see the outcome.

From all the information that has come to hand from the American press and from British Columbia, we may conclude that the people of British Columbia will not build this road, because they have not the money. We may also feel certain that nobody else in Canada is going to build it. Therefore, if it is to be built, it must be built by American capital.

The American papers have gone into some detail about the building of the road. They suggest that it be under the control of the American army engineers. The explanation of that, as given by the honourable gentleman, is perfectly correct. Here is an American press dispatch from Seattle, dated April 27 of last year:

Carmichael believes that a plan acceptable to both nations can be arranged whereby the highway could be constructed by American labour and machinery. Carmichael suggests that labourers be paid one-third of their wages in Canada and the remaining two-thirds in equal monthly instalments of \$30 each at their home address on return from Canada.

Apparently there had been some thought of building the road by means of unemployed Americans who would be paid one-third of their wages in Canada.

To give an idea of the state of the public mind, I shall read from Collier's of April 1, 1939, an article which, though flippant throughout, is representative of a certain type of journalism. I shall read it just to describe the attitude of the province towards the proposal that the American Government should lend \$20,000,000 to British Columbia, which said: "We do not want to borrow; we want the road built."

Very well, then, let the States build the Great North Road, says British Columbia. Let them leave it by treaty to the keeping of British Columbia—ah well, Canada, if you insist—in time of peace. And by the same treaty it will become the free and grateful privilege of the United States to use it in war-time.

The other day I read several extracts from American papers. I do not want to be bound by them, but what they say emphasizes the

fact that this large expenditure of American money will be worth while to the United States only if American troops and American munitions can be moved over this road from one part of the United States to another.

My honourable friend made a very excellent address, and discussed at considerable length a number of matters that are not quite germane to the question. I would draw his attention to this. As a student of international law—as a matter of fact, not many lawyers are students of international law—he should have noticed in this particular situation something which I do not think is to be found anywhere in history, namely, a road which starts in one country, proceeds through another country, and emerges in the territory of the original country. That is enough to give international law several jolts, because, except for the Polish Corridor between Germany proper and East Prussia, a case of rather evil repute, nothing of the kind exists in geography.

The question between the honourable gentleman and myself is, Who is going to build that road? Is British Columbia going to build it? Is Canada going to build it? I think the answer is, "No." United States press reports cause me to believe that the United States is being led by propaganda to take the view that that country should build the road; and what rather surprises me is that a great many Canadians are prepared to accept such a proposition as being wholly satisfactory and entirely without danger. I venture to say that if that road is built by the United States, either directly through its Government, or by the Department of the Interior through a private company, it is not going to be built for the mere purpose of connecting the mainland of the United States with Alaska. At the present moment there exists a free ocean, and everybody knows that the sea offers the easiest, simplest and cheapest method of communication; and, as I said the other day, until the United States is at war or in danger of war the road will be of no value at all to that country. The only reason why the United States would want this road is so as to have a land line between the state of Washington and Alaska. Persons going to Alaska will travel by sea, as they do now. Nobody will subject himself to the black flies, bull frogs and other pests which it is well known are in the country that the road would traverse, when he can make the trip comfortably on a steamer. I am not denying that some tourists who want to go shooting and fishing might use the highway. And does any honourable member imagine that merchants would ship goods by a lengthy road route when the

very much cheaper and more convenient ocean route is available? I cannot conceive that they would. So I concluded that the road would be of value to the United States only for military purposes. And in view of statements in the American press to that effect, I deemed it my duty to bring to the attention of all those by whom my remarks would be heard or read such information as I had on the subject. I ended my observations by expressing the hope that nothing might be done towards the actual construction of the highway until Parliament had looked into the matter.

The honourable gentleman from Vancouver South (Hon. Mr. Farris) touched upon a number of other things, such as our friendship with the United States and the certainty of our sympathy with that nation if it became involved in a war with Japan. I have no objection at all to those statements. The Americans are our very good friends, and we should much prefer to have them where they are than anybody else.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. GRIESBACH: There is no doubt about that. And I do not mind considering the question of an alliance with the United States, though I believe we could not do anything about that, because we are already in an alliance with other countries. We have obligations to allies within our own Commonwealth, and I suggest that if there is to be an alliance with the United States it ought to be made by the Commonwealth as a whole and not by Canada alone. I am bound to say that the concluding portion of my honourable friend's address was an argument for an American alliance rather than for a road. Well, I have no great objection to that. If we are desirous of discussing an alliance, let us do so; but we should be careful lest we find ourselves making an alliance for offensive and defensive purposes when we are intending only to discuss the building of a road. So long as the discussion is confined to the proposed highway and there is no possibility of other complications, all right. But I am fearful that if the road were built while our people are in their present temper we might make commitments that would endanger our neutrality.

After all is said and done, we have an obligation in international law to maintain our neutrality. My honourable friend from Vancouver South (Hon. Mr. Farris) seems to think lightly of that. I do not think lightly of it at all. I realize that if we fail to preserve our neutrality we shall have taken the first step towards losing our sovereignty. Therefore

I submit that the maintenance of our neutrality ought to be a prime object in our national policy. At the present time we should be on guard against anything which might draw us into a position where it would be difficult to maintain our neutrality.

As to the President's speech, I referred to that the other day. On its face it seemed to contain a very generous and disinterested offer, but on reading more about the matter one found the fact to be that before the President made that speech he was informed by his military advisers that the defenceless condition of Canada was a menace to the United States; that if Great Britain suffered a major defeat, or even without that eventuality, enemies or potential enemies of the United States could not be prevented by any defensive forces we have from entering Canada and threatening American industrial areas. The interpretation placed by political observers upon the President's remarks was simply that the United States would not permit themselves to be threatened by the entry into Canada of a hostile force; that the undertaking to defend Canada was not the Simon Pure proposition it seemed to be. In other words, what he announced was a policy of self-defence on the part of the United States. And from the nature of the speech that the Prime Minister made in reply, I rather suspect he saw that.

My honourable friend from Vancouver South indulged in an eloquent period to which I would not reply but that it presents me with an opportunity to say something I have for a long time wanted to say. He pictured the long, undefended frontier between this country and that of our great neighbour to the south, a frontier on which there is no fortress nor gun—without reference to which fact no after-dinner speech made anywhere near the 49th parallel would be a success.

Right Hon. Mr. GRAHAM: That is quite true. I used that several times myself.

Hon. Mr. GRIESBACH: I am sure that in his long and varied experience the right honourable gentleman from Eganville (Right Hon. Mr. Graham) had many opportunities of using that, and nobody could use it better than he.

Right Hon. Mr. GRAHAM: Thank you.

Hon. Mr. GRIESBACH: But with all respect to the right honourable gentleman, because of his age and experience, and with less respect to the honourable gentleman from Vancouver South (Hon. Mr. Farris), because of his youth and comparative inexperience, let me say I do not know of a more stupid statement than that. It is true that our common frontier has neither gun nor fort. The

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Rush-Bagot Treaty of over one hundred years ago provided that the two countries would not arm against each other on the Great Lakes. In the meantime our boundary line has been stretched from the Atlantic to the Pacific. The honourable gentleman alluded to it as being 3,000 miles in length, but I think it is a bit longer than that. Anyway, as he says, that boundary is not defended by a single gun or fort. That fact is used to illustrate what fine, honest, decent, Christian people we are, on both sides of the line. Sometimes the orators go on to express profound pity that those stupid, silly people in Europe who are not of our race and blood, who wear queerly shaped hats, and whiskers and mustaches which are not trimmed according to the fashion current here—that those people cannot be as gentle and reasonable towards one another as we are over here. And it is asked why they cannot get along without guns, fortifications and the like. We get a good deal of "kick" out of statements like that.

But what is the fact of the matter? The fact is simply that here in Canada we have a population of 11,000,000, sprawled over a tremendous territory, while in the United States the population is some 130,000,000. We do not build any forts against the United States because we have not money enough to build them or man them; and the United States are so strong in comparison with us that they do not need to build any forts. That is the fact.

Right Hon. Mr. GRAHAM: That may be the honourable gentleman's view, but it does not alter the fact that the boundary is undefended.

Hon. Mr. GRIESBACH: The United States build no forts against us because we are too weak to threaten that country.

Hon. Mr. GORDON: The two countries are good neighbours. They are the same people as we are.

Hon. Mr. GRIESBACH: That may be. But of course in Europe—

Hon. Mr. GORDON: My honourable friend cannot say that of some countries in Europe.

Hon. Mr. GRIESBACH: The reason we do not build forts against each other does not lie in the fact that we are superior people—

Hon. Mr. McRAE: Of course we are.

Hon. Mr. GRIESBACH: —or that we are a more Christian or more humane people.

Hon. Mr. McRAE: Of course we are.

Hon. Mr. GRIESBACH: The honourable gentleman may speak for himself; he is a very high type of man, I know. But I am referring to the common run of ordinary people.

I realize, of course, that another fact in the situation is the common fund of knowledge and ideals shared by the peoples of our two countries. I do not question the right of people to make speeches implying that we are a superior people because our boundary line is undefended, but their position is fundamentally unsound. If Canada had a population of 130,000,000 there probably would have been forts along the international boundary long ago. The great strength of the United States, on the one hand, and the weakness of Canada on the other, insure a prolonged period of peace between the two countries, the United States having given up all designs upon us some forty years ago.

Hon. Mr. GORDON: Does that not prove their good-neighbourliness?

Hon. Mr. GRIESBACH: Yes. I am not arguing against that at all. And I do not mind people making speeches about that kind of thing, because I know they get a good "kick" out of it.

Right Hon. Mr. GRAHAM: My honourable friend is going to spoil a lot of speeches.

Hon. Mr. GRIESBACH: No. I would not go so far as that.

I found great difficulty in following the honourable gentleman from Vancouver South (Hon. Mr. Farris) on another point. He referred to railways which run from Canada into the United States and back. They are not in the same class at all as a specially constructed road extending from the United States through Canada into another part of the United States.

Hon. Mr. HUGESSEN: What about the Canadian Pacific Railway line which runs from one part of Canada to northern Maine and back into Canada?

Hon. Mr. GRIESBACH: Yes, it runs out of Canada and into Maine.

Hon. Mr. HUGESSEN: And back into Canada.

Hon. B. F. SMITH: We were not allowed to transport soldiers or war materials over that road during that period of the Great War when the United States was neutral.

Hon. Mr. MURDOCK: What about the New York Central line from Chicago to New York, running 230 miles through Canada, from Windsor to Niagara Falls?

Hon. Mr. GRIESBACH: Yes, that road runs between the two countries, but its operation would never involve the question of our neutrality with respect to a third country, as the proposed British Columbia-Alaska highway would.

I listened with a great deal of interest to the eloquent speech of the honourable gentleman from Vancouver South (Hon. Mr. Farris). It contained a great deal of information which, in my opinion, did not bear strictly upon the point I raised. I gave reasons in support of the views I hold, and I concluded by expressing the hope that no definite step towards construction of the proposed highway would be taken until Canada had an opportunity of knowing what it was all about and this Parliament had put itself on record in the matter.

I maintain that the points I have brought to the attention of this House are important in the national interest. The Government would be well advised to pay some heed to what I have said with respect to the dangers inherent in any arrangement whereby Canada would permit another country to construct a highway clean through our territory and give that country the right to use such highway for military purposes in time of war. As strongly as I possibly can, I warn the Government of the potential danger to our sovereignty and our neutrality in any such arrangement, and the serious consequences that might flow from it. I repeat that I have no objection to discussions on our friendly relations with the United States, or the certainty of where our sentiments would lie if that country became engaged in conflict with another foreign nation. But if we are to discuss the question of an alliance with the United States, let us do so on its merits. Let us not be led into an alliance or understanding of such magnitude under the delusion that we are dealing with nothing more than the construction of a highway.

Hon. Mr. GORDON: Would my honourable friend permit me to ask him a question? If an American company sought a charter for the building of a railroad from the American border up to Alaska, would my honourable friend argue that such a railroad would be as potentially dangerous to us as he asserts the proposed highway to be?

Right Hon. Mr. MEIGHEN: A charter like that could not possibly be got.

Hon. Mr. GRIESBACH: If that were being considered and the American newspapers expressed the view that the railroad was to be used in time of war for transport

of troops and munitions, there would be the same danger to us as there is in this proposed highway.

CANADA'S RAILWAY PROBLEM
CONSIDERATION OF COMMITTEE'S REPORT
POSTPONED

Right Hon. GEORGE P. GRAHAM: Honourable senators, it was understood yesterday that 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 would be taken up to-day. In the absence of the honourable leader (Hon. Mr. Dandurand) it is suggested that I move that consideration of the report be postponed until Tuesday, May 23. I so move.

The motion was agreed to.

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

THE SENATE

Saturday, May 13, 1939.

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

Prayers and routine proceedings.

APPROPRIATION BILL No. 2

FIRST READING

Bill 140, an Act for granting to His Majesty certain sums of money for the public service of the financial years ending the 31st March, 1939, and the 31st March, 1940, respectively.—Hon. Mr. Dandurand.

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of the Bill.

He said: Honourable senators, the purpose of the Bill which has just been given first reading is stated in the title, "an Act for granting to His Majesty certain sums of money for the public service of the financial years ending the 31st March, 1939, and the 31st March, 1940, respectively."

Clause 2 of the Bill indicates that it is an interim vote of \$45,095,590.78 for 1939 and 1940, being one-sixth of the amount of each of the several items to be voted, set forth in the Main Estimates for the fiscal year ending March 31, 1940, as laid before the House of Commons at the present session of Parliament. We already have passed one-sixth for

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the months of April and May, and we are now asked to vote another sixth for the months of June and July.

I had thought it might be necessary for us to return here on Tuesday next to receive this Supply Bill, but as it is before us, I intend, if there is no objection, to move the second and third readings to-day. We shall then adjourn until Friday next at two o'clock, for the sanction of Bills by His Majesty.

Under these circumstances, I now move the second reading of the Bill.

Hon. Mr. CALDER: Honourable members, we have already passed an interim Supply Bill relating to the Main Estimates. As the Bill before us is of similar character and involves nothing that was not involved in the previous measure, I can see no objection to giving it the second and third readings at this time.

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

THIRD READING

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

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

THE ROYAL VISIT

CHANGE IN PROGRAMME

Hon. RAOUL DANDURAND: Honourable senators, information concerning the visit of Their Majesties to Canada was announced in the Commons this morning by the Right Honourable the Prime Minister, who has asked me to pass the same information on to the Senate. The Prime Minister said:

Perhaps I may be permitted to make a statement to the House which I think honourable members will wish to have at the earliest possible moment. It now appears that, owing to the persistent fog and ice on the Atlantic, it is very doubtful whether the Empress of Australia will reach Quebec at the time fixed for arrival on Monday next. In the circumstances it has seemed advisable to reconsider at once the programme of Their Majesties' visit in so far as may be necessary. I have been in conference this morning with Government House, and His Excellency has been in communication with His Majesty aboard the Empress of Australia. In order to avoid the possibility of confusion in the arrangements, or any more in the way of disappointment than may be inevitable, it has been thought advisable definitely to postpone for twenty-four hours the time of the arrival of the Empress at Quebec, which will mean that the Empress will arrive at the same hour on Tuesday instead of Monday. The programme in other particulars will remain as it has been, except that the Ottawa programme will have to be condensed to three days. The order of proceedings at Quebec on Tuesday

will be exactly as set forth in the programme for Monday; the order of proceedings in Montreal will remain as it is, except that Wednesday will be substituted for Tuesday.

So far as Ottawa is concerned, reconstruction of the programme will, as mentioned, necessitate the shortening by one day of the visit of Their Majesties to the capital. An important change in the programme will be that the State dinner which would have been held on Wednesday night will be held on Thursday, and the Parliamentary dinner, instead of being held on Thursday night, will be held on Friday night. Their Majesties will arrive in Montreal on Wednesday instead of on Tuesday, and in Ottawa on Thursday instead of on Wednesday. The programme as thus reconstructed will, I think, save any disappointment with respect to other parts of Their Majesties' journey, and, with these very few exceptions, will enable the programme to be carried out as originally planned.

ADDRESS TO THEIR MAJESTIES RESOLUTION

Hon. **RAOUL DANDURAND**: Honourable senators, the Senate of Canada is asked to register officially an expression of welcome to His Majesty King George VI and to his charming Consort. I am sure that this resolution, which will be seconded by the acting leader on the other side (Hon. Mr. Tanner), carries the views and sentiments of the whole population of Canada.

The news of the coming of Their Majesties has immensely pleased all our people. On all sides we have heard the same constant acclaim, in our homes and on our thoroughfares: "The King! We shall see the King!" What a thrilling and pleasant sensation has vibrated throughout the land! It has reached every member of the Canadian community, whatever his station, high or low. Every household is permeated with this thought, without pausing to analyse the source from which springs its interest, nor what it imports. The King is coming! Instantly, the imagination of the people is filled with the éclat and the grandeur of the spectacle they behold.

They have never seen the King. His authority is no longer, as of old, directly exercised upon them. The King is far, far away in a distant land; in reality, he is but an emblem of the sovereignty under which all his subjects live and dwell. Truly the King no longer governs. Yet everything is done in his name: the laws are enacted by Parliaments; ordinances are passed; public services daily rendered; highways—les chemins du Roi, as we say in French—maintained; money circulated; postage stamps issued; summonses written; peace officers, military and civil, commissioned to defend our borders and maintain peace and order within. All these national and civic activities, which

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seem to flow from his authority, link together all members of one society, the Canadian nation.

Nevertheless we are a democracy, governing ourselves in absolute freedom. Because of this absolute freedom, which is the basis of our Constitution and which we enjoy to the full, we acclaim the one personage who is the living embodiment of this wonderful creation, the British Commonwealth of nations freely united, and we exclaim, one and all, with deep fervour: God Save the King!

I have the honour to move, seconded by the Hon. Mr. Tanner:

That a humble address be presented to His Majesty the King, conveying to His Majesty, on the occasion of his arrival in Canada, assurance of the loyal affection of this House and of the eager anticipation with which it looks forward to the presence of His Majesty and of Her Majesty the Queen in this country, and of the deep interest with which its members will follow the visit of Their Majesties to the several provinces and to the United States.

Hon. **C. E. TANNER**: Honourable senators, in consequence of the unavoidable absence of our leader on this side of the House (Right Hon. Mr. Meighen), I have the very great pleasure and honour of seconding the leader of the Senate (Hon. Mr. Dandurand) in the pleasing duty which just now, in eloquent language, he put before this House for consideration and action.

The passing of a few hours will bring our beloved and gracious King and Queen to the shores of Canada. Their coming makes history for our Empire, more particularly for our country; and, as the leader of the Senate has well said, it is fitting that the Senate should hasten to do homage to Their Majesties and join in expression of joyous welcome to them as soon as they have stepped on the soil of our country.

Many reasons move Canadians to look forward, as all of them do, to the privilege and pleasure of greeting and honouring their Sovereigns. Our King and Queen are the rulers of free peoples. Receiving them, welcoming them, paying homage to them, we Canadians are not moved by fear of dire commands, threats or other evil happenings, like unto those which, we are told, compel other peoples to grovel before their rulers. We glory in our freedom. And, being free, and filled with abiding love of our gracious Sovereigns, we gladly honour them. We will hasten to give them a heartfelt welcome to Canada.

This is not mere lip service; it comes from Canadian hearts. Our Empire is indeed fortunate in its rulers. We love and honour our King and Queen for more than one reason.

We see in them the estimable qualities of manhood and womanhood that endow them with a sympathetic understanding of their peoples in every part of the wide Empire over which they rule. They know no dividing line between those peoples, and thereby they win the universal love and fealty of all. We watch them from day to day in the manifold and arduous responsibilities and duties devolving upon them as the heads of the greatest Empire revealed in history, and we rejoice with delight and gratification that there is no limit to the earnestness and devotion with which they give their lives to the service of their peoples. We further rejoice in the outstanding truth that our gracious and beloved King and Queen have not only won the devotion of our Empire's people, but have enshrined themselves in the hearts of all of the world's free nations.

These matters move us to give to Their Majesties an unbounded welcome to Canada. It will not be a figure of speech; it will be a product of Canadian hearts that beat in unison with the hearts of our beloved King and Queen; of Canadian minds that are not fettered by tyrants' commands; of tongues that have learned to speak in the same free British atmosphere in which Their Majesties were born and bred, and in which they reign so illustriously over hundreds of millions of free and devoted people.

When, next week, Their Majesties land at the historic city of Quebec, they will be given a welcome that will resound over the world's lands and seas. That will be an opening chapter of the fervency of Canadian love and joy bursting from the hearts of the young and old in every province of Canada.

And, may I add, I am confident that when the King and Queen pass into the country of our neighbours to the south, the welcome they receive will leave nothing to be desired.

Appreciating the pleasure and the honour of this occasion, on behalf of honourable members about me I second the motion of the honourable leader of the Senate. God Save our Gracious King and Queen!

The resolution was adopted.

ADJOURNMENT—BUSINESS OF THE SENATE

Hon. Mr. DANDURAND: Honourable senators, this ends our labours for to-day. I move that when the Senate adjourns this afternoon it do stand adjourned until Friday next at two o'clock in the afternoon.

Hon. Mr. TANNER.

Hon. Mr. CALDER: May I inquire whether our work, with the exception of the railway matter, is completed? Is everything else cleared up?

Hon. Mr. DANDURAND: There is nothing else before the Senate.

Hon. Mr. CALDER: No committee work?

Hon. Mr. DANDURAND: The report of the Special Railway Committee is all that remains for us to discuss. Of course there are before the House of Commons more than half a dozen Bills, which are yet to come to us. I have inquired whether they are likely to reach us on Monday, and I have been told by my colleagues that that is very doubtful. I informed them, therefore, that we would meet an hour before the time set for the sanction of certain public Bills by His Majesty King George VI.

The motion was agreed to.

The Senate adjourned until Friday, May 19, at 2 p.m.

THE SENATE

Friday, May 19, 1939.

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

YOUTH TRAINING BILL

FIRST READING

A message was received from the House of Commons with Bill 94, an Act to provide for the training of young people to fit them for gainful employment.

The Bill was read the first time.

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of the Bill.

He said: Honourable senators, with the leave of the Senate I would move that we give second reading to this Bill now. The matter covered by the Bill has already been before the Senate and we have discussed it at length. The general object is to promote and assist in the training of unemployed young people to fit them for gainful employment in Canada, and to supply the necessary administration and funds to that end. Provision has been made during the last two fiscal years under the Unemployment and Agricultural Assistance Act of 1937 and the Unemployment and Agricultural Assistance Act of 1938, respectively. It has been found, how-

ever, that there are definite handicaps to the most efficient functioning of this service under an Act the authority of which extends over one year only, and the present Bill seeks the necessary authority for a period of three years instead. Provision is made under this Bill for the funds which it is contemplated will be required for the three-year period. Formerly the necessary funds were voted by an Appropriation Act and for one fiscal year. The provinces have submitted to the Government that continuity of the training programme, being assured by the granting of funds for a three-year period, will permit of much greater efficiency and more satisfactory co-ordination of the various youth training plans.

Section 6 of the measure reads:

The grant payable to any province in any year under the provisions of this Act shall be determined by the Governor in Council: Provided that the amount allotted to a province shall not exceed an amount equivalent to that which the provincial government shall agree to expend on projects undertaken under the provisions of this Act within such year.

Section 8 requires that before payments may be made to any province an agreement shall be entered into between the Minister of Labour and the provincial government. The section reads:

Payments made to any province under the provisions of this Act shall be conditional upon an agreement being entered into between the Minister and the government of the province as to the terms, conditions and purposes of and for which payments are to be made and applied, and such agreements shall be subject in all cases to the approval of the Governor in Council.

During the last eighteen months more than eight thousand young men and women have been placed in employment under the Acts for which this measure is to be substituted. I have in my hand a statement showing, by provinces, the numbers of young men and women who have been placed in that period:

Prince Edward Island..	93
Nova Scotia..	332
New Brunswick..	249
Quebec..	524
Ontario..	2,565
Manitoba..	1,909
Saskatchewan..	410
Alberta..	740
British Columbia..	1,207
	8,029

This is but the beginning of the application of a system which I think will give considerable assistance to the younger generation in gaining remunerative employment.

Right Hon. ARTHUR MEIGHEN: Honourable senators, some moments ago the honourable leader of the Government (Hon. Mr. Dandurand) was good enough to submit this measure to me, with the suggestion that it might be pressed to a conclusion this after-

noon. In accordance with that suggestion I offered to recommend, to such honourable members as might be influenced by my recommendation, that the Bill be passed. I sincerely regret, especially because of the unique occasion, that this legislation does not arouse more enthusiasm on my part. I fail to find in it anything of essential value commensurate with the outlay. I feel it merely provides training for positions which, under present policies, are not likely to emerge. However, such a measure, on even an ordinary occasion, it would not seem to be the unquestioned duty of this House to defeat. Therefore, with these very brief comments, I acquiesce in second reading at this time, reserving the right to make further criticism when occasion arises in time to come.

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.

ADJOURNMENT OF THE SENATE

Hon. Mr. DANDURAND: Honourable senators, with the leave of the Senate, I move that when the Senate adjourns this afternoon it stand adjourned until Tuesday next at 8 p.m.

The motion was agreed to.

The Senate adjourned during pleasure.

THE ROYAL ASSENT

At three o'clock His Majesty the King proceeded to the Senate Chamber and took his seat upon the Throne.

The Hon. the SPEAKER commanded the Gentleman Usher of the Black Rod to proceed to the House of Commons and acquaint that House that: "It is His Majesty's pleasure that they attend him immediately in the Senate Chamber."

Who being come with their Speaker:

His Majesty was pleased to give the Royal Assent to the following Bills:

An Act respecting a certain Trade Agreement between Canada and the United States of America.

An Act to carry into effect the provisions of the Convention of the 15th September, 1938, providing for emergency regulation of the level of Rainy Lake and of the level of other boundary waters in the Rainy Lake watershed.

An Act to Encourage the Co-operative Marketing of Wheat.

An Act to Assist and Encourage Co-operative Marketing of Agricultural Products.

An Act to provide for the supervision and regulation of Trading in Grain Futures.

An Act to amend the Pension Act.

An Act to amend the Criminal Code.

An Act to provide for the Training of Young People to fit them for Gainful Employment.

An Act for granting to His Majesty certain sums of money for the public service of the financial years ending the 31st March, 1939, and the 31st March, 1940, respectively.

THE KING'S SPEECH

His Majesty was then pleased to deliver the following speech:

Honourable Members of the Senate:

Members of the House of Commons:

I thank you sincerely for your addresses received on my arrival at Quebec. The Queen and I deeply appreciate your loyal and affectionate messages.

I am very happy that my visit to Canada affords me the opportunity of meeting, in Parliament assembled, the members of both Houses. No ceremony could more completely symbolize the free and equal association of the nations of our Commonwealth. As my father said, on the occasion of his Silver Jubilee, the unity of the British Empire is no longer expressed by the supremacy of the time-honoured Parliament that sits at Westminster. It finds expression to-day in the free association of nations enjoying common principles of government, a common attachment to ideals of peace and freedom, and bound together by a common allegiance to the Crown.

The Queen and I have been deeply touched by the warmth of the welcome accorded us since our arrival in Canada. We are greatly looking forward to visiting each of the provinces, and, before our return, to paying a brief visit to the United States.

It is my earnest hope that my present visit may give my Canadian people a deeper conception of their unity as a nation. I hope also that my visit to the United States will help to maintain the very friendly relations existing between that great country and the nations of the Commonwealth.

These visits, like the one recently made by the Queen and myself to the continent of Europe, will, we trust, be viewed as an expression of the spirit of our peoples which seeks ardently for closer friendship and better relations not only with our kith and kin but with the peoples of all nations and races.

Honourable Members of the Senate:

Members of the House of Commons:

May the blessing of Divine Providence rest upon your labours and upon my realm of Canada.

The House of Commons withdrew.

His Majesty was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until Tuesday, May 23, at 8 p.m.

THE SENATE

Tuesday, May 23, 1939.

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

Prayers and routine proceedings.

PRIVATE BILLS

CONCURRENCE IN COMMONS AMENDMENTS

The Hon. the SPEAKER: A message has been received from the House of Commons returning Bill Z2, an Act to incorporate the Prescott and Ogdensburg Bridge Company, and acquainting the Senate that they have passed the said Bill with several amendments, to which they desire concurrence of the Senate.

Hon. Mr. LITTLE: Honourable senators, I move concurrence in the amendments. The first is in regard to the necessity for the company to make a deposit before commencing operations. That, as will be remembered, was suggested in our Committee on Railways, Telegraphs and Harbours, but it was decided that for the purpose of saving time the proposed amendment might be left to the discretion of the other House. The second amendment is simply the insertion of a word in clause 20, and is quite satisfactory to the promoters.

The motion was agreed to.

FIRST READING

Bill 20, an Act respecting Central Finance Corporation and to change its name to Household Finance Corporation of Canada.—Hon. Mr. Little.

CANADA GRAIN BILL

FIRST READING

A message was received from the House of Commons with Bill 62, an Act to amend the Canada Grain Act.

The Bill was read the first time.

SECOND READING

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

Hon. Mr. MARSHALL: With the concurrence of the Senate, I would move the second reading now.

The Bill appears to be rather bulky, but seventy of its eighty-nine pages consist of schedules. Some of the amendments are of considerable importance, for, as all honourable

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members are aware, the Canada Grain Act is one of the most important pieces of Canadian legislation.

This Bill was sent to the Committee on Agriculture of the other House, and the members of the Board of Grain Commissioners appeared before that committee. Every clause was thoroughly discussed and some minor changes were made, and the Bill in its present form, I think, was agreed to by all parties interested. That is, the elevator people, the milling interests and the producers' organizations all agreed on the amendments that were made.

One of the important amendments contained in this Bill allows the mixing of some of the tough grades with standard grades up to, I think, 17 per cent, and the bringing of tough grades up to standard by mixing with the dry. The result of this will be to reduce the spread in price to the farmer between tough grades and standard grades. Not very many years ago elevators were buying the tough grades at from 8 to 10 cents a bushel less than the price of the standard grades, and as a consequence the producers suffered. One of the principal amendments will have the effect of bringing the price of grain that is slightly tough nearer to the price of standard grade.

There has also been some difficulty about the mixing of grades. Mixing was outlawed, so to speak, in the terminal elevators, but not in the country elevators. The result was that large country elevators were built for the alleged purpose of mixing. This measure prevents that sort of thing. It gives the millers a little more leeway in selling grain they have purchased for grinding purposes. That matter was gone into thoroughly, not only in the committee of the House of Commons, but in the House itself, on the report of the committee, and it was decided that the present provision would be in the interests of the milling business in Canada, which is quite an important enterprise, as well as in the interests of the producers of wheat.

This legislation is largely a matter of detail; so without going further I will simply move the second reading of the Bill.

Right Hon. ARTHUR MEIGHEN: Honourable members, I have reviewed the debate that took place in the other House, which was astonishingly brief in view of the subject-matter of the Bill, and I have also given as much study as I could to the main amendments proposed.

As the honourable member who introduces the measure (Hon. Mr. Marshall) says, the Bill is not nearly as formidable as it looks. While it is half an inch thick, the great bulk of it is composed of schedules. I am not yet

quite clear as to why all these schedules should be reprinted in the Bill. I think that the main amendments are contained in the first part of the Bill, and that the amendments to the schedules could have been set out in 5 per cent of the space they now occupy.

Nevertheless, this Bill is of some importance. Its main features are those enunciated by the honourable senator from Peel (Hon. Mr. Marshall). One provision which has been contested most strenuously relates to the mixing of grades. I may be wrong, but I think the Bill permits not only mixing of junior grades, the tough grades, with the four standard grades, but also mixing of standard grades themselves. This seems strange in view of the fact that for at least thirty years, ever since I entered Parliament, there has been a war about the mixing of grades. Apparently the whole war was over nothing, for now we are practically going back to the old licence, and we have waged a great conflict merely about the price of a hair.

There are some other amendments which I think are worth while, and therefore I suggest that the Bill be referred to the Banking and Commerce Committee. I understand this is the intention of the sponsor (Hon. Mr. Marshall). In the Senate we have always dealt with amendments to the Grain Act in that committee. It is advisable to have a reference to committee, because it is not at all impossible that even persons who felt satisfied with the measure when it left the other House may have amendments to suggest here. I do not know. Certain objections were stated, though not strongly pressed, before the Bill did pass. I have no doubt whatever that when it gets through our Banking and Commerce Committee it will not be altered in any very substantial degree. But it should go to that committee.

Hon. Mr. DANDURAND: Why does my right honourable friend express a preference for the Banking and Commerce Committee over the Committee on Agriculture?

Right Hon. Mr. MEIGHEN: Because the Grain Act has always been reviewed in our Banking and Commerce Committee. We are to have before us another bill, dealing with live stock grading, which undoubtedly should go to the Agriculture Committee.

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

REFERRED TO COMMITTEE

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

The motion was agreed to.

CANADIAN WHEAT BOARD BILL

FIRST READING

A message was received from the House of Commons with Bill 63, an Act to amend the Canadian Wheat Board Act, 1935.

The Bill was read the first time.

SECOND READING POSTPONED

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

Hon. DUNCAN McL. MARSHALL: Honourable members, with the consent of the Senate, I would move the second reading of this Bill now. I do not think it is necessary for me to enter into any elaborate explanation of the measure, because it has to do simply with the question of what price per bushel shall be advanced on wheat delivered by producers to the Wheat Board. Instead of such price being determined by the Wheat Board, as formerly—

Hon. Mr. HAIG: You had better get consent of the House to move second reading. I am going to object.

Hon. Mr. FARRIS: Then he cannot get it.

Hon. Mr. HAIG: All right.

Hon. Mr. MARSHALL: Second reading to-morrow, then.

Hon. Mr. HAIG: No. There has to be two days' notice.

Hon. Mr. DANDURAND: Does the honourable gentleman insist on two days' notice?

Hon. Mr. HAIG: Is it not the intention to debate the Special Railway Committee's report to-morrow?

Hon. Mr. DANDURAND: Yes.

Hon. Mr. HAIG: I do not object to having second reading to-morrow, provided the measure will be sent to committee. If that is not the intention, I want the motion for second reading postponed until Thursday, because very serious representations have been wired me from the West concerning the section limiting purchases by the Board from one producer to 5,000 bushels of wheat a year. This would mean that a large number of companies in Western Canada could not make sales. This is a very serious matter for companies which have sold lands to farmers on terms providing for a share of the grain crop. Further, our Debt Act in Manitoba—and I believe the same is true in Saskatchewan and Alberta—provides that a farmer may continue to operate his land, even though there is a mortgage due on it, if he gives a certain share of the crop every year to the

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mortgage company. I want the Bill to provide that the share which goes to the mortgage company shall be included in the 5,000-bushel quota. And, I repeat, I think the Bill should be considered in committee.

Hon. Mr. MARSHALL: Let me assure my honourable friend that I have no objection to our sending the Bill to committee. In fact, I had intended moving that it be referred to the Committee on Banking and Commerce.

Right Hon. Mr. MEIGHEN: Shall we take up second reading to-morrow, then?

Hon. Mr. HAIG: Perhaps no other honourable member will want to speak on the motion for second reading, but I shall.

Hon. Mr. DANDURAND: Then postpone second reading until Thursday.

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

Hon. Mr. BLACK: Honourable senators, should we not advance the Bill more rapidly if we took second reading to-night—

Hon. Mr. KING: Hear, hear.

Hon. Mr. BLACK: —and referred it to committee? The honourable junior senator from Winnipeg (Hon. Mr. Haig) could make full representations before the committee.

Hon. Mr. HAIG: I appreciate the suggestion of my honourable friend from Westmorland (Hon. Mr. Black), but I cannot agree to it. A criticism of the Bill has been wired to me by financial interests in Winnipeg. I certainly represent Winnipeg, and I want to see that their position is put fairly before this House. I answered the communication, setting out what I thought the Bill meant, and it will be impossible for a reply to reach me earlier than to-morrow morning or afternoon.

The motion of Hon. Mr. Marshall was agreed to.

LIVE STOCK AND LIVE STOCK PRODUCTS BILL

FIRST READING

A message was received from the House of Commons with Bill 104, an Act respecting stockyards, live stock and live stock products and hatcheries.

The Bill was read the first time.

SECOND READING

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

Hon. DUNCAN McL. MARSHALL: Honourable members, with consent of the House I would move second reading of this Bill now. I will announce at once that I intend, as soon as second reading is given, to move that the measure be referred to the Committee on Agriculture, which I think is the proper committee to deal with this.

Perhaps I should make a few observations before the motion for second reading is put. A good deal of difficulty has been experienced in connection with the operation of stockyards and the marketing of live stock, and certain parties have been blamed for all the troubles. Up to the present time the stockyards have been controlled to some extent by the live stock exchanges. As there are some eleven stockyards in Canada and only six of them have live stock exchanges organized, the other five are more or less directed by officials of the Department of Agriculture. Under this Bill a committee of persons familiar with and interested in the marketing of live stock would be formed—I think the Minister said in another place the committee would have seven or nine members—to settle these troublesome things, such as have been arising over a period of years. For instance, condemnation insurance is as large an item to the farmers now as it was before we began testing for tuberculosis all over the country, but the great bulk of live stock marketed in Western Canada come off ranges where only a small proportion are subject to tuberculosis. It is felt there should be some revision of this insurance, and we believe the revision can best be made by a group of men appointed in the manner contemplated by the Bill.

Then there is the provision for fining a farmer who brings to the stockyard a beast with horns on. The fine is one dollar. And the buyers did one of the cleverest things that I ever knew them to do: they not only made the rule requiring this fine, but they put the fines into their own pockets. The premier of one province told them they could not do that any longer, and he had the fines diverted to the provincial treasury. So far he has got away with that. We believe there should be uniform regulation of this matter, applicable to stockyards throughout the country.

There recently was some trouble in a stockyard where the live stock exchange was composed of a large number of members, most of whom were small buyers. These small buyers got the idea that it was a bad thing to allow their fellow members to telephone out to farmers and dealers in the country about the market. They did not feel like

paying the telephone charges to give this service themselves, and they believed they were handicapped by their fellows who were giving it; so they actually passed a regulation, which they wanted the Department of Agriculture to approve of, to the effect that no member of the exchange should be allowed to telephone such information at his own expense; that if a farmer wanted to know the condition of the market he should telephone himself, and pay for the call. That ridiculous regulation did not go into effect, but it is one of many things that have been cropping up and causing considerable dissatisfaction with respect to the marketing of live stock.

Also, no plan has yet been evolved for the grading of cattle in stockyards. A committee of the kind contemplated by this Bill may develop some plan that will assist farmers who have live stock to market to get better prices, if possible, and be subjected to smaller charges. A few years ago an Order in Council was passed approving of a reduction of stockyard fees, which the Department of Agriculture has the right to regulate. In spite of that, the fees were never reduced and the business went on as before, largely because there was no group of men actively interested in the producing and marketing of cattle to put up something of a fight for their side of the case. I believe this measure will lead to the appointment of a committee which will evolve a set of rules and regulations that should improve the operation of stockyards throughout Canada.

Hon. HENRY A. MULLINS: Honourable senators, I have before me the Act which was passed some years ago for the regulation of stockyards, and the present Bill. I notice that in his remarks on the present measure the honourable gentleman from Peel (Hon. Mr. Marshall) kept away from all reference to the packers. There is a clause here providing that live stock may be sent into a packer's yard, and that used as a stockyard. Why did the honourable member not mention that? Does he agree with the practice of shipping live stock by truck into a yard attached to the packer's abattoir, where the price is fixed by the packer? I cannot understand his evading that point. The proposed clause will be a detriment to the live stock trade and a menace to the producer in the country. Live stock will accumulate in the packers' yards, to the serious disadvantage of the producer. For instance, if a buyer in Montreal wants a certain number of cattle, he cannot wire to his agent in Toronto to make the necessary purchase, because naturally the packer has control of his yard. Nothing like

that provision was in the old Act, but evidently a strong attempt is being made to introduce it into this Bill. I have nothing to say against the honesty of the packer. He leaves his men out in the yard, and they fix the price. The man with the truck goes home and hands the proceeds to the poor fellow on the farm, who thinks he has got the market price for his cattle. He may have in some cases, but, having had many years' experience in various stockyards, I may inform honourable members that the best market we ever had was when the gates were thrown open and the buyers were allowed to go into the yards to do business.

Hon. Mr. POPE: Hear, hear.

Hon. Mr. MULLINS: Now, if you wanted to buy cattle for export, you would find it impossible to go into the stockyards for the purpose. I remember when, a few weeks ago, I wanted to buy a few loads of cattle for export. The salesman had twelve loads, of which only two loads were fit for export. I said, "I will buy those two loads of cattle from you." He said: "Harry, I cannot sell those cattle to you. I have twelve loads, and if I sold those two loads I should be stuck with the rest." A situation like that is an appalling menace to the most important industry in the country. Only to-day I heard a man from the dried-out area in the southern country state that he sold five cattle for \$450, and that was the only thing that carried him through.

Many times in the other House I have directed attention to the importance of our live stock industry. Now that I have retired from the live stock business, I feel that I should still do my best to look after its interests. This proposed clause, I think, is the most iniquitous that could be inserted in any bill dealing with live stock. The honourable member from Peel knows that just as well as I do. He would never let a trucker with no knowledge of live stock take his cattle into a packer's stockyard and let the packer fix the price. I waited patiently for him to mention that under this Bill a packing plant is given the status of a stockyard, but he evaded that point. In the previous Act there is no provision for a packing plant yard, and in the old days stock was not going into the yards as it does to-day. There are various reasons for this change. The trucker can come in with the live stock during the night, accept the price offered to him by the packer, and get back home the same day.

I am strongly opposed to this Bill, and I ask the House not to pass it while it contains this iniquitous clause, which, as I have said, is

Hon. Mr. MULLINS.

most detrimental to the producer. In the early days there was active trading in live stock. To-day these regulations are stifling the live stock business. It is not the same now as it was years ago, when everything was wide open.

Hon. Mr. POPE: Hear, hear.

Hon. Mr. MULLINS: In the early days there were many small buyers doing business on a capital of \$4,000 or \$5,000. To-day a man must put up \$10,000 as security before he is allowed to operate on the stockyards. This, it is said, is a protection to the man shipping live stock. Well, let me say that in the days of the old yards on Strachan avenue in the city of Toronto no shipper ever lost a dollar in his dealings with cattle buyers; but since the regulations have been in effect some dealers have defaulted and the poor shipper has received nothing for his product. We want no regulations in the stockyards. Throw the gates wide open and let the men who have any money buy the live stock. If a shipper sells his live stock to a man who does not pay him, it is his own fault, for he can lock the gates and say to the caretaker of the stockyard, "Don't deliver my cattle until I tell you they have been paid for." There was never any monopoly in cattle, but down through the years there has been a monopoly in hogs, and it has brought wealth to some persons. It was only when a few buyers came up from Montreal that the monopoly was broken for the time being.

I repeat, I am strongly opposed to the Bill in its present form, and I ask the House not to pass it without deleting the section which permits packers to have a stockyard right at their plant.

Hon. Mr. POPE: Hear, hear.

Right Hon. ARTHUR MEIGHEN: There is no reason why the Bill should not go to a committee, if that would meet the views of the honourable member from Marquette (Hon. Mr. Mullins).

Hon. Mr. MULLINS: Yes, I am willing that it should go to a committee.

Right Hon. Mr. MEIGHEN: This Bill also is long; its length is its only dimension. It will never have any repercussions beyond this planet. The Bill might have been put into three pages. It re-enacts the Act of 1923 and makes some changes. I will not say these are wholly unimportant; indeed some of them are worth while; but there was no need whatever of re-enacting the legislation. Anyone who reads the three explanatory notes, each two inches long, will see the accomplishment is next to trivial. I do not know about

the special clause to which the honourable member from Marquette refers, and I shall not discuss the allegation he makes. I am quite confident there will be a very illuminating discussion before the Committee on Agriculture and Forestry if the allegation is repeated there.

Hon. R. B. HORNER: I do not quite agree with the honourable member from Marquette (Hon. Mr. Mullins). In fact it seems to me that at the present time the packers control the market. Personally, I would rather have my cattle taken direct to the packers' yard, as then they will weigh a little more, and the packers will pay as much there as they will at the stockyards. There is no competition. The packers meet and decide what they will pay. One packer will take the stock one day, another packer next day, and so on. As the price will be the same at the main yards as at the packers' yards, the stock might as well be delivered direct.

There should be a very strict penalty against a man acting both as a commission man and as a dealer buying and selling his own stock. Western farmers have lost heavily on all their horses shipped east. The horse dealers in Montreal charge a commission of \$5 a head, and 70 cents a day for feed. They sell the farmers' horses at a low price and their own at a high price. A chiselling market of that kind does not pay the farmer. Under those conditions I would not trust my own father with a horse, for, as many honourable members are aware, every man thinks his judgment of a horse is superior to the other fellow's.

I should like to see inserted in this Bill a provision against what I consider to be a very improper practice. If I am loading a car of cattle the railway company immediately notifies the dealers and packers in Winnipeg. They are kept informed, free of charge, as to how many cars of stock are in transit for the Winnipeg stockyards. If my stock is arriving at a certain date, that is my business as its owner, and I think it should be kept just as secret as is a telegram. When I arrive at Winnipeg with my car of live stock I may be told, "We cannot do business with you now, as there are so many hundred cars arriving to-morrow."

When this Bill is before the committee, no doubt several amendments will be offered, and I shall reserve any further remarks for that stage.

Hon. Mr. MARSHALL: I have just one observation to make in reply to my honourable friend from Marquette (Hon. Mr. Mullins). This Bill cures exactly what my honourable friend complains about. For the first time in the history of this country

packers' yards will come under the direction of this advisory committee. Up to the present time the packers' yards have been private institutions, and truck loads of cattle have come in to the packers and have been sold them for a price which has been agreed upon. But there has been no supervision of those yards. They were not mentioned in the old Act, and now for the first time we are going to have the right to go into them and find out what is going on; and if direct selling is thought not to be in the interest of the live stock trade it can be condemned, as has been done at some yards in the United States.

I know some people regard the packers as fair prey. They are like the Irishman's pig, which is kicked every time he meets it, on the principle that if it is not coming from mischief it is going to it. With the exception of Pat Burns in Calgary, I have never sold cattle to packers. I have allowed Dunn & Levack to sell for me. There has been some question as to the fairness or justice of direct selling. At the moment I am not in a position to speak as to that, though I hold some opinions.

My honourable friend (Hon. Mr. Mullins) has said that everybody should be allowed to buy, and has complained about the \$10,000 security that is required of commission salesmen. My honourable friend will remember the Richelieu Company that went out among the farmers in the county of Middlesex, bought cattle and took them away, and failed to pay for them. He will remember also that in 1935 the Government thought it owed something to those farmers and voted a sum—and my honourable friend assisted in that—to reimburse them for the money they had been cheated out of by those irresponsible characters who had bought their cattle. Any man who is handling live stock on an exchange or in a yard ought to be a responsible man, and ought to be able to put up a bond for the protection of farmers who send cattle to him, and to give such farmers some assurance that they will get their money.

I have no doubt that in the Agricultural Committee changes will be suggested with respect to this Bill. I think the only object of everybody on either side of the House is to do the best possible for the live stock producers of Canada.

Hon. HENRY A. MULLINS: What the honourable gentleman has reference to is a stockyard operated by a bunch of crooks, if I may call them that, who went out from Montreal to the West and offered the people there special inducements to send their cattle down to that yard. I remember the transac-

tion, but it happened so long ago I have forgotten the name. That was done, not by a cattle buyer at all, but by an unscrupulous lawyer who, with some other chap, conceived the idea of building a stockyard in Montreal.

I have been in the cattle business for a great many years and have never failed to pay what I agreed to pay. I remember one case in which I gave a man in Medicine Hat a cheque for thirty or forty cattle. Six years later my banker communicated with me and said he had this cheque, and asked if he should cash it. I said: "Yes. Send it in. I thought it was lost." I have never known of more than one or two men in the cattle business who went crooked.

There is no need for a string of inspectors such as is proposed. Under this system a man who wants to buy in various parts of Canada will not be able to wire and get the stock out of the packer's yard, which is supervised by a commissioner appointed by the Government, or by some other custodian who probably knows nothing at all about the business. The cattle business is a practical business and requires practical men behind it, and without those men it will never amount to anything in this country.

I remember when we sorted our cattle in the public stockyards. What were they built for? Take the magnificent yard in Winnipeg for instance. Under this Bill, the cattle will be run into a packer's yard where there is a Government supervisor. The right way to dispose of live stock is to send it to the open market and let the buyers bid for it. In the old cattle market in Toronto the gates were thrown open at eight o'clock, and the buyers went into the pen and made a deal with the man who had cattle to sell. You are going to regulate out of business the old cattle drover, the man who did so much to build up the live stock industry. He did not go into any packer's yard; he dealt on the open market.

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

DIVORCE BILL

FIRST, SECOND AND THIRD READINGS

Bill N3, an Act for the relief of Lucy Violet Siggins Hopson.—Hon. Mr. Robinson.

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

Hon. Mr. MULLINS.

THE SENATE

Wednesday, May 24, 1939.

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

Prayers and routine proceedings.

CANADA'S RAILWAY PROBLEM

REPORT OF SPECIAL COMMITTEE

The Senate proceeded to consider the report of the Special Committee appointed on March 30, 1938, to inquire into and report upon the best means of relieving the country from its extremely serious railway condition and financial burden consequent thereto.

Hon. **RAOUL DANDURAND**: Honourable senators, two members of our Senate have signed this report. One is supporting it heartily and the other faintly. I have been asked by my right honourable friend (Right Hon. Mr. Graham) to move adoption of the report, which I myself had moved in the committee.

The report of your Special Railway Committee expresses the views of the majority which adopted it. Perhaps it would suffice that I should simply read this report; but it is already printed in our Minutes and in the Senate Hansard. I deem it my duty, however, to stress a few points, in order more fully to convey to you my views thereon.

When the Senate appointed a special committee to examine into our railway problem, it surely did not visualize the importance of the mandate which was being given to twenty of its members. I express this view since the senators who were thus chosen to explore the problem did not at all realize that it was a world problem which they had been instructed to study. I make bold to say that there were many things of which we were ignorant at the outset, and of which we became aware in the course of our investigation.

We found that the ills of our railways were during the last few years common to most of the railway systems on the continents of Europe and America. We found, too, that we were confronted with the study of the whole transportation system of Canada, of which the railways were but a part, and that rivals had arisen which were challenging the railway monopoly and sucking its life-blood. We found also that the most damaging form of competition had come from the highways, utilized for freight and passenger service, and also from our inland waters.

I should like to preface my remarks with some excerpts from an address delivered in January last by Mr. Joseph B. Eastman, member of the Interstate Commerce Commission and for three years Federal Co-ordinator of Transportation. My honourable colleagues will gain from Mr. Eastman an idea of the importance of the problem which is before us at the present time. He said:

One thing which perhaps may be new to some of you, although I doubt it, is that railroad ills are not peculiar to this country. On the contrary, the rest of the world is very largely suffering from the same complaint. . . .

The British railroad situation is to me one of the most interesting of all. It has been urged that the way to save the railroads is to consolidate them into a very few great systems. Well, they did that in Great Britain not long after the World War, reducing the number to four. Not only that, but these four systems pooled most of the competitive traffic which remained. . . .

Yet with all these presumptive advantages, some of which are very real, the British railways are now filling the air with loud cries for relief. . . .

The trouble with our railroads, while very difficult to remedy, is not hard to understand, and can be summed up in a sentence or two. The depression in business caused a heavy fall in traffic, bad enough in itself, but made much worse by the superimposed loss of traffic caused by the great increase in competition from other forms of transportation. . . .

The tremendous increase in competition from highway, water, pipe-line, and air carriers is too well known to require description. You may not have realized, however, the extent to which, along with this competition, private carriage has superseded public carriage, by which I mean transportation by common carriers. . . .

To a lesser but yet a very considerable extent, the same is true of the carriage of property. Many industries, large and small, are served by their own motor vehicles or by contract carriers who do not serve the general public, and this is true in high degree of the farmer. . . .

A further source of great loss to the railroads has been the severe decline in the tonnage of our exports and imports.

So far as public regulation is concerned, the Interstate Commerce Commission now has power to fix both maximum and minimum rates for both railways and motor carriers.

Whether water carriers should be required to pay tolls for the use of waterways, like your Barge Canal, which were constructed and are maintained at public expense, whether motor vehicle operators should be subjected to heavier taxation in compensation for their use of the public highways, and whether railroad taxation should be lessened materially, are questions which should be explored thoroughly and impartially.

There was a time, in the opinion of many, when the railroad managements were not distinguished by enterprise in the improvement of their equipment operations and services.

In the past few years, faced by an overwhelming tide of outside competition, there has been a marked improvement in initiative and enterprise. The results you have all seen in the stream-lined equipment, air-conditioning and other improvements in passenger service. Even more significant is the fact that the average speed of freight trains, exclusive of switching,

rose from 12 miles per hour in 1920 to 21.7 miles per hour in 1937. The opportunities for further enterprise and improvement, however, are by no means exhausted.

I am suggesting that there is no quick and royal road to railroad recovery and that no miracles are to be expected. We have spent in a comparatively short time on highway, water, pipe-line and air transportation probably more than the total cost of our railroads.

As the Interstate Commerce Commission said in its recent annual report: It is quite idle to believe that a situation which has been created in this way can be "solved" out of hand, like a problem in geometry or a cross-word puzzle. The Government has no magic which enables it to sweep back the tide of economic change and reverse the results.

Up to 1922, when the Canadian National was whipping into shape the various systems which it inherited, our railways had been in active competition with one another—the Grand Trunk and the Canadian Pacific in the East, the Intercolonial and the Canadian Pacific in the Maritimes, and the Canadian Northern and Canadian Pacific in the West.

In 1925 the Canadian National had made considerable strides in its organization, and its rival, the Canadian Pacific Railway, was becoming somewhat concerned. Highway competition had already made its appearance. However, the returns for that year and the following one were encouraging, and the President of the Canadian Pacific Railway stated publicly that he was in favour of competition.

Up to 1929 the two railways showed progressive improvement, but the crisis of 1929-30 was most depressing, and the presidents of the two railways joined in a request to the Government for a royal commission to examine into their troubles. We all know that the Canadian Pacific Railway made a strenuous effort before the Duff Commission to form a partnership with the Canadian National. It was the same presentation that was offered to our Special Railway Committee, and the conclusions were the same.

The essential difference between the two railway systems is to be found in their respective creations, which explain the different viewpoints of the two railways. The Canadian Pacific Railway is an exclusively business venture, built as an integral unit and operated as a unified organization with a single eye to a fair return of profits to its shareholders, whereas the Canadian National was formed out of five railway systems, some of them built as a federal obligation towards certain provinces at Confederation, and others built as colonization roads for the development of the country.

The Canadian Pacific Railway in its propaganda for unification has constantly kept before the public the huge capital debt and the yearly deficits of the Canadian National

Railways, as if it were intensely concerned over the destiny of its rival. As a matter of fact, the Canadian Pacific Railway has been going down grade also. It cannot pay dividends to its ordinary shareholders, nor to its preferred shareholders. Its margin of profit over net operating expenses is gradually vanishing. The Canadian Pacific knows full well that many American railways have fared very badly these last few years, and that quite a number have gone into receivership. The privately-owned railways in France have been unable to stand the strain. The British railways are in a similar plight. They showed a decrease of twenty-three and one-half per cent in their net revenue for the year 1937, though that was the best year since the beginning of the depression in 1929. Upwards of 1,800 millions' worth of railway stock earned no dividends in 1937, as compared with 390 millions' worth the year before. This decline in railway revenues is much more pronounced than has been the decline in general trade, though Great Britain is not handicapped, as we are, by constitutional difficulties in co-ordinating charges among the various carriers.

The Canadian National, like the Canadian Pacific, has been affected by conditions which prevail throughout the world. But of the two roads the Canadian National has a much heavier load to carry, because of its extensive operations in regions which are now lean, but which it must serve in the interest of the country. If these services were carried in a separate account, the Canadian National would show quite a different result; and yet our financial obligations would not be altered. It is self-evident that the Canadian National is operating these non-productive lines for the State. It will be remembered that Sir Edward Beatty stated before the Duff Commission that no private enterprise could carry the capital load of the Canadian National Railways. That statement was made on January 5, 1932, and is to be found at page 914 of the commission's proceedings. Mr. E. W. Beatty, as he then was, said:

I also dismiss the possibility of a change involving the transfer of the Government lines, subject to their existing obligations, to a private company. 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.

That statement in itself explains and justifies the financial results of Canadian National operations. Our investigation has placed the Canadian National Railway in its proper perspective.

Hon. Mr. DANDURAND.

As the Duff Commission pointed out, Government ownership of railways on a large scale, as a national policy, was not contemplated or planned by any Government and was never submitted for adoption to the people of Canada. Nevertheless, the country was committed to the present railway policy through fortuitous circumstances—the failure of private railway promoters to make good their ambitious projects. The Government became gradually involved through loans and guarantees, and when the crisis came the Government, as principal creditor, took over the railways with their obligations intact, and not liquidated as they would have been in ordinary insolvency practice. There is perhaps a reason here to make us chary in assuming further blind commitments which would increase the extent and scope of the nationalization of railways in Canada.

Now I come to the two remedies which are suggested to improve our railway situation and to diminish Canada's financial burden. They are typified by two expressions: co-operation and unification. It has constantly been repeated that co-operation has not, to this day, effected important economies. The two railways were directed by Act of Parliament—the Canadian National-Canadian Pacific Act—"for the purpose of effecting economies and providing for more remunerative operation, to attempt forthwith to agree and continuously to endeavour to agree upon such co-operative measures, plans, and arrangements as are fair and reasonable and best adapted to bring about such purposes."

According to the terms of the Act they could effect agreements for the pooling and division of earnings arising from the joint operation of any part or parts of freight or passenger traffic, or express, telegraph, or other operating activities or services; they could agree on joint trackage, running rights, joint ownership or joint operation, depending upon the nature of the property or services included in any co-operative plan; they could agree on joint or individual highway services, or highway and railway services combined, in any form. These are the very wide directions given the two railways.

I will cite from clause 16 the procedure which they were to follow:

(5) Where the execution or carrying out of such a measure, plan or arrangement involves the doing of any act which by any statute requires the leave, sanction, assent or approval of the Board of Railway Commissioners for Canada, no such measure, plan or arrangement shall be effective without the approval of the said Board.

(6) It shall be the duty of the National Company and the Pacific Company, for and on behalf of themselves, respectively, and otherwise as by this part of this Act authorized, and they are hereby required, to meet by their proper officers forthwith and from time to time as they may agree, to discuss and to effect by agreement, if possible, the purposes set forth in this Part of this Act. The proper officers of the National Company for the purposes of this subsection shall be the trustees by themselves and/or such of the National Company's or National Railway's officers as the trustees may name for the purpose, and the proper officers of the Pacific Company shall be the directors and/or such of the Pacific Company's or Pacific Railway's officers as the said directors may name for the purpose.

Clause 17, provides:

(1) Tribunals constituted in manner herein-after described, shall be erected as and when required for the purposes of this Part.

(2) A tribunal shall have power and jurisdiction to settle and determine the dispute between the National Company and the Pacific Company which it was erected to dispose of.

I will not go through the work of the various committees appointed in accordance with those provisions. I will merely say that their progress was surprisingly slow. Your committee probed seriously into this dilatoriness in obtaining results. We were told that at the outset some considerable delay was due to the organization of committees to explore the whole field and that officials had to be detached from their ordinary duties for this work; that they had been breaking new ground and were feeling their way; that when certain conclusions were submitted to a joint committee there was considerable delay over the two railways examining into an equitable distribution of burden and advantage, and that when agreement was finally reached the Railway Board, whose authority was sought, required extensive information before any changes in the railway services could be made effective. These proceedings were involved and long-drawn-out.

On the 28th of April last Mr. Walton, Vice-President of the Canadian National Railways, and Mr. Grout, Assistant to the Vice-President of the Canadian Pacific Railway, stated that the committees were making more rapid headway in the solution of co-operative projects. President Hungerford suggested in June, 1938, that, if unification was disposed of, greater progress in achieving co-operative economies would be made in future. Honourable members will notice President Hungerford's words, "if unification was disposed of." That is, if the work of co-operation by the two railways were not paralleled by a campaign for unification which created a somewhat difficult situation within those committees, then perhaps a greater advance would be made in co-operation.

It is true that the Canadian Pacific was apparently doing its part. We had evidence before the committee to that effect, and it was repeated by officials of both railways that one railway showed as much good will as the other. The Canadian Pacific was doing its part, yes, but was its heart in it? One must not forget that before those committees met, Sir Edward Beatty was campaigning from the Atlantic to the Pacific for a far more ambitious scheme—unification. The meagre results obtained from co-operation were surely serving him and his plans and ambitions. What was he repeating weekly? "You see, co-operation is a failure! Take my nostrum: unification, with \$75,000,000 of savings assured." This campaign went on in conjunction with that apparent willingness of the two railways to work out their salvation by the co-operative method. President Hungerford stated that these savings of \$75,000,000 were theoretical and impracticable. What has been so far attempted and realized has clearly supported President Hungerford's view.

The Canadian Pacific Railway laid before the Duff Commission a unification scheme based upon the abandonment of 5,000 miles of rail. The Canadian National Railway did not see that more than one-third of those 5,000 miles could be lifted. I suggested that the Canadian National put up on the wall of our committee room a map showing the lines of the system whose earnings were sufficient to pay all operating expenses, taxes and interest charges included in the Canadian National deficits and assessable against those lines. Here is a statement of the Canadian National lines:

Statement of Canadian National lines included in Canadian Pacific Line Abandonment Programme as submitted to the Royal Commission (Exhibit 50, Senate Inquiry), which are shown as green on the map submitted by the Canadian National to the Senate Committee, 1939.

(Exhibit 106)

Note: The lines shown green on the map indicated that on the basis of 1937 the railway earnings were sufficient to pay all operating expenses, taxes and the interest charges included in the Canadian National deficit which are assessable against the lines.

Chipman, N.B.—Levis, Que. (Diamond Jct.), 371 miles.

Capreol, Ont.—Long Lac, Ont., 397 miles.

Nakina, Ont.—Winnipeg, Man. (Paddington), 498 miles.

Winnipeg, Man. (Pacific Jct.)—Portage (East Tower), 46 miles.

Portage (West Tower)—Deer, 22 miles.

Total, 1,334 miles.

That is the mileage which the Canadian Pacific thought might well be disposed of. Yet it pays all operating expenses and fixed charges.

There were on the map other lines, coloured yellow, and they appear in this statement:

Statement of Canadian National Lines included in Canadian Pacific Line Abandonment Programme as submitted to the Royal Commission (Exhibit 50, Senate Inquiry), which are shown as yellow on the map submitted by the Canadian National to the Senate Committee, 1939.

(Exhibit 106)

Note: Lines which are shown as yellow on the map indicate lines on which the operating revenues are sufficient to pay operating expenses and to leave something over towards taxes and interest charges, but not sufficient to meet these charges fully.

Ottawa, Ont. (Federal)—Capreol, Ont., 304 miles.
 Papineau, Que.—Fresniere, Que., 13 miles.
 Beaverton, Ont.—Capreol, Ont., 212 miles.
 Conmee, Ont.—Superior Jct., Ont., 159 miles.
 Brandon Jct., Man.—Brandon, Man. (M. & B. Jct.), 25 miles.
 Brandon, Man.—Maryfield, Sask., 75 miles.
 Hope, B.C.—Vancouver, B.C., 79 miles.
 Total, 867 miles.

These two statements indicate that 41 per cent of the Canadian National lines which Sir Edward Beatty thought should be abandoned are classified green and 37 per cent yellow. This means that of the Canadian National lines which Sir Edward picked for abandonment only 32 per cent show red on the map—or a shade under one-third of his 5,050 miles.

This statement of Sir Edward's was the only one sufficiently clear and detailed to be tested. Those 5,050 miles were to produce savings of \$16,000,000, or more than \$3,000 per mile. When a few hundred miles were agreed upon for abandonment, it was found that the savings did not amount to \$1,000 per mile; again less than one-third of the Canadian Pacific Railway estimate. It will be seen that the judgment of the Canadian National officials proved to be the sounder.

President Hungerford stated that the rest of the \$75,000,000 of proposed savings—\$56,000,000 to \$59,000,000—would, likewise dwindle to about one-third when seriously put to the test, and this result could be realized as well by co-operation. Quite a number of these savings lack a basis for serious examination, because no precise detail was given which could be tested. The reason was explained by a certain number of witnesses in the committee, and I have here, from page 887 of the committee proceedings, the reply of Mr. E. P. Flintoft, K.C., principal Counsel for the Canadian Pacific Railway, to Senator McRae, regarding a request for information on station abandonment. Here it is:

Senator McRae is suggesting that we go into details of the same character as those which we stated would be embarrassing to the company if they were gone into. As Mr. Pyne

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said, "I should be afraid to go home if I told Senator Haig what I was proposing to do in detail in respect to these matters."

Hon. Mr. Dandurand: Would you not be in danger of going home one of these days?

Mr. Flintoft: I was just going to say that while Mr. O'Brien fortunately does not go home to Vancouver—

Hon. Mr. McRae: I do.

Mr. Flintoft: —at the same time he might meet with a stormy reception on his return home if he gave such details with regard to Montreal. If the committee approves, I should like to withhold details of that character.

Replying to the request of Senator Horsey for information concerning details, Mr. Flintoft answered at page 889.

Hon. Mr. Horsey: You make all the savings explicit and clear to the public as far as abandonment is concerned, and then you stop.

Mr. Flintoft: We did not dictate the policy. The information in regard to track abandonment was furnished to the Duff Commission in confidence, under a definite understanding that it would not be made public. Unfortunately, however—no, it is not right to say unfortunately, because I would not say any action taken by this committee was unfortunate—but I may say that we objected to making information of this sort public, because we thought it might be prejudicial to both sides. However, it was the desire of the committee that the information should be made public, and notwithstanding the fact that it was furnished in confidence to the Duff Commission and was not made a part of their public record, we did furnish it to the committee at their special request. We have already experienced unfortunate repercussions from the fact that that information was made public, and that strengthens our view that it is unwise to make this information public, which may, and does undoubtedly, prejudice the company that reveals it in its day-to-day business.

And at page 890, commenting on the statement of Senator Calder with regard to the Canadian Pacific disclosing which terminal is going to be used, Mr. Flintoft said: "We can't."

Then, at page 754, Mr. R. G. McNeillie, when asked by Mr. Biggar about details of train service proposals, said:

We feel we should not be asked for that detail information. If unification comes in, the problem of what trains are to be taken off or left on will be under the management of the unified organization, and we do not know what the traffic may be at that time. I do not think we should give out at this time details of something that is going to happen a year or two later.

Answering Senator Calder concerning train service details, Mr. McNeillie said at page 755:

We feel it would very seriously affect us in a competitive way if we gave that information out at the present time.

At page 761, in answer to a question put by myself concerning routes where train miles were to be saved, he said:

... we cannot place ourselves in the position to-day of giving out information to the public regarding this submission as to definite trains.

... We do not want to give these details out to the public, because it might be a serious handicap to us.

Then, at page 744, Mr. R. A. Pyne, in answering Senator Copp regarding shops that could be dispensed with, said:

Oh, no . . . There is a political atmosphere that makes it impossible for me to go home if I made a suggestion of that kind.

At page 740, in reply to Senator Hugessen with respect to divisional points which it was proposed to abandon, he said:

I could not give you that. If it is decided to unify the railways you certainly should have it.

At page 861, Mr. Jefferson, when asked with regard to the evidence given by Mr. McNeillie, said:

As with regard to evidence given by Mr. McNeillie yesterday, we do not want to disclose the details of that statement city by city.

I have been endeavouring to find out what part of the \$75,000,000 of savings estimated by the Canadian Pacific Railway could be as well obtained under co-operation, supposing for the sake of argument that the physical task of line abandonments, curtailment of services and abandonment of stations, shops, engine houses, etc., could in fact be accomplished.

We have heard all along inquiry as to the savings which could be made under unification through the application of Canadian Pacific Railway unit costs to Canadian National operations. The President of the Canadian National, Mr. Hungerford, has informed our committee, in effect, that approximately \$20,000,000 of the Canadian Pacific Railway estimate on that score is pure imagination and has no relation to physical matters.

The Canadian Pacific Railway has no basis in logic for applying Canadian Pacific Railway unit costs in this manner, and did so merely upon the bland assumption that the difference in the operating ratios of the Canadian National and the Canadian Pacific is the result of loose public-ownership operations. A careful analysis shows that the Canadian National operations are fully as efficient as those of the Canadian Pacific Railway, when due allowance is made for the special problems which face the Canadian National as a consequence of its being a consolidation of five previously existing properties, with resulting duplications, and also for the larger degree of pioneering service which is being performed by it.

The deduction of this \$20,000,000 from the Canadian Pacific Railway estimate of \$75,000,000 leaves \$55,000,000 as the result of the physical changes. I may say without undue modesty that I could not go through these figures except with the help of the experts of the Canadian National Railways. I have tested the \$55,000,000 of supposed savings in a document which itemizes them. There are fourteen items, but no estimate of savings is shown separately for the first six items. I have considered each of these fourteen to see whether the physical changes contemplated could not be made under co-operation, and opposite each item there is a note bearing on that point. Here is the document, which I laid before my right honourable friend (Right Hon. Mr. Meighen) at the opening of this sitting. It is an analysis of the Canadian Pacific Railway estimate of savings under unification, prepared for the purpose of showing the possible earning under earnest co-operation, assuming for the sake of argument that the physical things contemplated in the estimate are in fact feasible.

Right Hon. Mr. MEIGHEN: Is this some evidence they forgot to give to the committee?

Hon. Mr. DANDURAND: I hope my right honourable friend is not accusing himself of negligence because of not having put a question he could have put in committee.

Right Hon. Mr. MEIGHEN: It was hardly my business to do so. But I was wondering if they are now submitting to the leader of the Government evidence which they neglected to place before the committee.

Hon. Mr. DANDURAND: I am making these figures my own. I am supported in them by expert evidence.

Right Hon. Mr. MEIGHEN: It is the same thing.

Hon. Mr. DANDURAND: I think my honourable friend might make a similar statement.

Right Hon. Mr. MEIGHEN: I shall not need anything.

Hon. Mr. DANDURAND: When you want a precise date or figure you go to the Bureau of Statistics, or the appropriate bureau, to get it.

Right Hon. Mr. MEIGHEN: There is nothing in this from the Bureau of Statistics.

Hon. Mr. DANDURAND: I passed this document over to my right honourable friend so that he might follow and might be able, when he speaks, to give his opinion as to the figures, which are based on the documents which were produced before us. My right

honourable friend will find that the fourteen items listed in this analysis are shown in the first part of Exhibit No. 49, which is to be found at page 416 of the evidence. If my right honourable friend will turn to that page he will be able to follow item by item. This is the **statement**:

ANALYSIS OF C.P.R. ESTIMATE OF SAVINGS UNDER UNIFICATION

To show how much would be possible under earnest co-operation, assuming for sake of argument that the physical things contemplated in the estimate are in fact feasible

	C.P.R. \$75,000,000 estimate as submitted to Royal Commission	
		Notes as to Co-operation
(1) Line abandonments.. . . .	5,051 miles	If possible under unification or amalgamation, equally possible under co-operation.
(2) Passenger train miles.. . . .	7,574,454	A pool of competitive passenger services under co-operation would enable as much economy to be obtained as under unification or amalgamation.
Passenger car miles.. . . .	51,793,173	
(3) Freight and mixed train miles..	5,301,323	A pool of competitive freight revenues under co-operation would enable as much to be done as under unification or amalgamation.
Freight car miles.. . . .	67,157,402	
(4) Consolidating stations, yards and terminals.. . . .	96 points	Joint facility arrangements and joint terminals could be arranged under co-operation to achieve the same result.
(5) Consolidating locomotive and car shops.. . . .	10 C.N. 9 C.P.	Quite possible to make a joint arrangement under co-operation whereby each company would close up certain shops and the work be concentrated in the remaining ones.
(6) Consolidating system, regional, district and division supervisory organizations.. . . .	59 C.N. 44 C.P. 3 joint	Not possible under co-operation, but the C.N. has already reduced its supervision costs to the minimum consistent with safety and efficiency. (Estimated effect of this item \$2,500,000.)

Total of Items 1 to 6 as claimed by C.P.R..	\$64,268,000	.Of this amount \$20,000,000 is purely imaginary and arises from using C.P.R. unit costs erroneously for C.N.R. operations.
(No details shown for any item except line abandonments, which was given to the Royal Commission as \$16,363,000.)		
Deduct imaginary amount resulting from use of C.P.R. unit costs as applied to C.N. conditions.. . . .	20,000,000	
Amount in estimate traceable to physical changes under unification or amalgamation.. . . .	\$44,268,000	
Deduct items not physically possible under co-operation.. . . .	2,500,000	
Physical items, which, if possible at all, are equally so under co-operation.. . . .	\$41,768,000	
Deducting the last two items from the figure of \$44,268,000, the difference left is		
\$2,500,000.		

(7) Increased railway revenues to be obtained by securing longer haul on international, interstate and Great Lakes traffic, less loss on abandoned lines.. . . .	\$ 1,396,000	Just as feasible to obtain by agreement under co-operation as under unification or amalgamation.
(8) Miscellaneous income items ..	211,000	A negligible item.
(9) B.C. coast steamships.. . . .	450,000	If feasible under unification or amalgamation, just as feasible under co-operation, especially if there is a pooling arrangement for traffic.

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ANALYSIS OF C.P.R. ESTIMATE OF SAVINGS UNDER UNIFICATION—*Concluded*

To show how much would be possible under earnest co-operation, assuming for sake of argument that the physical things contemplated in the estimate are in fact feasible

	C.P.R. \$75,000,000 estimate as submitted to Royal Commission	Notes as to Co-operation
(10) Telegraphs (railway and commercial)	948,000	Just as feasible under co-operation as under unification or amalgamation.
(11) Express operations	1,450,000	Just as feasible under co-operation as under unification or amalgamation.
(12) Colonization, development and insurance	300,000	Just as feasible under co-operation as under unification or amalgamation.
(13) Interest on released stores and track material	1,700,000	This item is dependent on the physical abandonments and is just as feasible under co-operation as under unification or amalgamation.
(14) Interest on reduction in investment in equipment	4,650,000	This item is dependent on the physical abandonments and is just as feasible under co-operation as under unification or amalgamation.
<hr/>		
Total of items 7 to 14 as claimed by C.P.R.	\$11,105,000	
All of these items if feasible under unification are just as much so under co-operation.		
Recapitulation	C.P.R. estimate under unification	
Items 1 to 6, for which no details are given	\$64,268,000	
Deduct imaginary savings due to use of C.P.R. unit costs erroneously applied to C.N.R. conditions	20,000,000	
<hr/>		
Economies estimated from physical changes, abandonments, etc.	44,268,000	\$41,768,000
Items 7 to 14	11,105,000	11,105,000
<hr/>		
Total apart from imaginary savings due to the use of C.P.R. unit costs erroneously applied to C.N.R. conditions	\$55,373,000	\$52,873,000

The fourteen items which are listed in the analysis are shown on page 416 of the evidence, being the first part of exhibit No. 49. When the statement is made in the analysis that with regard to the first six items no details are shown for any item except that of line abandonments, which was given to the royal commission as \$16,366,000, what is meant is that the supporting exhibits do not specifically disclose what services are affected and what abandonments and consolidations are contemplated. The details of line abandonments are to be found in exhibit No. 50, pages 427 to 432, inclusive, that is, as to what lines are named for abandonment, but without a statement of the saving. The \$16,366,000 comes from the evidence before the royal commis-

sion, which will be found on page 582 of the Senate committee evidence. There are voluminous statistical computations of the total of \$64,268,000, which is shown in exhibit H, page 422, and the figures are dealt with under the headings of "Maintenance of Way and Structures," "Maintenance of Equipment," "Traffic," "Transportation," "General" and "All Other"; but it is impossible on the basis of the evidence to tell how much of the \$64,268,000 is traceable to each of the first six items listed in exhibit 49 and which form the first six items of the analysis, except the figure which the Canadian Pacific gave to the royal commission as to line abandonments.

The result of that study is that, whereas the economies estimated to result from physical changes, etc., amount to \$55,373,000, the extent

to which these same physical changes might be accomplished under earnest co-operation would lead to savings of \$52,873,000. So 95 per cent of the theoretical savings are theoretically just as feasible under co-operation as under unification. I would point out that these figures do not include the 20 millions of imaginary savings resulting from the use of Canadian Pacific Railway unit costs erroneously applied to Canadian National conditions.

Of course, this is but a purely theoretical set-up and assumes for the sake of argument that all the physical things contemplated in the \$75,000,000 estimate could, in fact, be realized. Clearly this is not true, as was proved in the case of the line abandonment programme. It is quite logical, nevertheless, to make a comparison of theoretical figures. From a practical standpoint the case is entirely different. The \$75,000,000 of estimated savings under 1930 conditions, or \$59,740,000 under 1937 conditions, are impossible of attainment under any form of control, because in a practical sense it is not possible to make the physical changes which are in view, or to restrict services without producing a very serious effect upon the country as a whole. This is the opinion of President Hungerford, who is a veteran railway operator of high standing.

Now I come to some implications of unified management. I must state at the outset that I have no doubt whatever that unification means amalgamation. Although Sir Edward Beatty assures us that his scheme is limited to unified management, he has repeatedly admitted that an arrangement for unification would be permanent, because re-establishment of the status quo ante would mean the loss of all the advantages born of that unification. He says that there would be no physical merger; yet numerous witnesses in support of unification have indicated how the physical property must, in important respects and far-reaching proportions, be mutilated and consolidated, to obtain the expected results. He also states there would be no financial or corporate merger, although a common pot and a common financing of joint requirements would be consequences of unification.

It stands to reason that to obtain appreciable savings under unification millions of dollars would have to be spent on capital account for the co-ordinating of the two systems. No one will deny that. Upon whose shoulders would that charge fall? Would it not be borne by the new merger? Would it not call for an issue of bonds? In whose name would these be issued? Would the Dominion Government endorse them? We have no precision on this point.

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In the course of time, under such a scheme, the properties would gradually lose their present identities and be merged, and there would be no way of unscrambling them in the event of the situation becoming intolerable to Parliament or the Canadian people. How could those two railway systems be restored as separate units? We must not close our eyes to the fact that a vast railway system, like the Canadian Pacific Railway or the Canadian National, is a living thing, with a heart centre reaching all its activities, a living thing affecting the public services at every point of our commercial, industrial and national life. You would have to reanimate it from head to foot in order to re-establish its blood circulation, which is the traffic whereby it lives. The present separate systems of the two railways suffer from anaemia through lack of tonnage. Unification would not add a single ton of traffic. These would-be Siamese twins would surely be hurt if ever again separated.

And what about their joint life? Any attempt to harmonize the conflicting principles and practices of private and public ownership would be bound to prove unsatisfactory. Questions would at once arise with respect to which the private ownership section of the board of directors would differ from their colleagues representing public ownership. Services which in the view of Canadian National representatives it might be necessary to continue or even to inaugurate in the public interest, rather than from the purely revenue standpoint, would be vetoed by the Canadian Pacific Railway representatives, as affecting the private shareholders. The next move would be to have the Government carry the cost of any such special rates or services, in the form of subsidies or deficits. New capital requirements of the common property would add to the financial complications, and the result would be an insistence that, as the Government were paying the railway piper, they might just as well call the tune; and the demand for the nationalization of all Canadian railways would become so strong that any government would be obliged to heed it.

Hon. Mr. HORSEY: Hear, hear.

Hon. Mr. DANDURAND: And if government ownership on the present scale is such a shocking thing as we have been told it is, menacing the financial stability of the country, should we willingly enter upon any course which might increase the dangers from that source? Is it prudent to try such an experiment, say for five or ten years, when we do not know where it would lead? Is not the

sentiment which supports unification an expression of fear for the destiny of our own people? Should we not have a greater confidence in the development of our country?

To govern it is necessary to foresee. Canada now has 11 millions of population. Our country is bound to go forward; it will surely have 15 millions in another quarter of a century. Before long we shall be able to support two railway systems in a healthy condition, giving to the people a service not to be expected from one amalgamated system, which, having no incentive to progressive action, would do its daily work perfunctorily.

I have said that the railway problem is world-wide. It exists where there has been no meddling with unification—in the United States, for example, and those countries, like England, which have attempted railway grouping and pooling—as well as in lands which have adopted unification, such as France, Belgium and Holland. Unification did not bring forth the anticipated solution in those places, nor did grouping and pooling bring about a solution in Great Britain. The experience of other countries should be a powerful argument against accepting Sir Edward's pig-in-a-poke. I quite realize that Sir Edward is attracted by the idea that, come what may, the Canadian Pacific Railway would join the Canadian National under the Dominion Government financial umbrella.

Would not this solution which we are offered simply lead to further confusion and turmoil, at a time when the railway industry needs to direct all its intelligence to the new problems of transportation which have arisen in the last two decades? Under unification substantial financial improvements, other than those which might be obtained through earnest co-operation, would not be realized, and the State would assume very grave risks in spite of any protective clauses which might be written into the articles of association.

State ownership and private ownership, I repeat, make an impossible partnership, because of the conflict of objectives. We have had lately the experience of the Imperial Airways, which started off as a private enterprise in which the State took an interest, but which is now fully state-owned and state-controlled. The Bank of Canada is another attempt to combine state and private ownership which was discarded. It is my opinion that the day the Canadian Government go into partnership with the Canadian Pacific Railway, that day the Canadian Government will begin to acquire the Canadian Pacific Railway. It would be the history of Mackenzie & Mann all over again: first get the Government interested, and when a crisis comes along

the Government with their long purse will solve the crisis.

From a purely financial standpoint, I should think this country had had enough experience in taking over railways and making good their obligations. Certainly the present time, when the industry is facing difficult and troubled conditions, is hardly the moment for Canada to be extending its commitments and starting upon an unknown venture involving steps which could not be retraced.

Some members of the committee who are decidedly against unification and favour co-operation have expressed regret at the fact that the committee's report did not suggest some coercive amendments to the Act of 1933, for enforcing the arbitration of differences between the two railways. I admit that a fair argument can be made in favour of compulsory arbitration. President Hungerford has suggested that some impartial authority be set up to impose its will upon the two railways, and Mr. Eastman, in the paper which I cited in the course of my remarks, also suggested that some outside propulsion, or perhaps compulsion, is required to bring about co-operative action where the public interest is involved and the Government are the only agency representing that interest.

I have tried to find out the real or decisive reason for the reluctance of the two railways to take the initiative in this matter of invoking arbitration. It was said that such action would bespeak unfriendliness. Mr. John E. Armstrong, then Assistant Chief Engineer of the Canadian Pacific Railway, took the position that to have invoked an arbitral tribunal would have made it impossible to consider matters on a co-operative basis, and that a contentious spirit would have affected all co-operative proposals under discussion, with each section more disposed to build up a case for the arbitral tribunal than to reach an agreement.

This and other statements along the same lines have forced upon me the conviction that failure to arbitrate was due to a fear of retaliation: if one party took the initiative in a certain matter, the second party would in turn go to the arbitral court on something else, which it would deem to be to its advantage, but very distasteful to the other company. I must say I am sorry that no one party started the ball rolling. In my judgment it should be the duty of the Canadian National to lead the way, and its board of directors should be so instructed by the Government.

The Canadian National appears yearly before the Special Railway Committee of the House of Commons to render an account of

its administration. It should be the duty of that Special Railway Committee, representing the people of Canada—the shareholders—to examine specially into the co-operative measures which have been pursued during the year.

I may be asked whether the House of Commons would be strongly inclined in that direction. My answer is that it is for Parliament to see to the application of its laws. The Act of 1933 is an Act of Parliament. In any case we must all admit that the attitude of the Commons is, for the time being, the will of the people. I assume that to-day the country at large is against amalgamation under private management. The House of Commons seems unanimous against unification and amalgamation. Is it the function of the Senate to set itself up in opposition to the expressed opinion of the electorate, twice consulted on this question, in 1930 and in 1935? Every reason counts against unification, save and except Sir Edward Beatty's bait of \$75,000,000 a year of phantom economies.

I move adoption of the report.

Hon. C. P. BEAUBIEN: Honourable members, it falls to my lot to propose an amendment to the motion which has just been made by my honourable friend opposite (Hon. Mr. Dandurand). The purpose of this amendment is to substitute for what I may call the main report another report. This has been termed a minority report, but it is in fact an alternative report, since it bears the same number of signatures as the main report itself. Therefore I beg to move:

That the said report be not now adopted, but that it be amended by striking out all the paragraphs after the second paragraph, save and excepting the last paragraph, and substituting therefor the following.

Adopting the precedent set by the honourable leader of the House, I shall not weary honourable members by reading this alternative report, provided of course that it be incorporated in Hansard. On the understanding that this course is satisfactory to the House, I shall proceed to give my reasons in support of the alternative report.

(This is the alternative report referred to by Hon. Mr. Beaubien and forming part of the amendment:)

It is deeply regretted that a unanimous report was found impossible of attainment, as in a matter of such grave importance, at the present juncture, the added weight of unanimity in the Committee would have been of very great value not only to Parliament but as well to all our people who are now so heavily burdened with taxation.

Hon. Mr. DANDURAND.

Canadian National Capitalization and Deficits

The Canadian National constitutes for the nation its most obdurate and perilous domestic problem. The outlay of Canada to December 31, 1938, on its publicly-owned railway system, including interest, has been in excess of \$3,300,000,000, of which the greater part has been brought about by recurring yearly deficits assumed and loans made by the Canadian Government to the Canadian National.

The cash deficit in 1938, substantially greater than in 1937, as shown in the Canadian National Railways Annual Report for 1938, is \$54,314,195. This deficit does not include capital losses of \$2,712,877 charged against Proprietor's Equity under the Canadian National Capital Revision Act of 1937, nor does it include interest on \$672,688,000, the principal amount of such Proprietor's Equity. The aggregate contributions of the Government to the System as at March 31, 1938, written off to Consolidated Fund, has amounted to \$838,000,000. (See Public Accounts, 1938, Appendix 28.) In addition, the aggregate of interest to December 31, 1936, on Government loans to the System accrued and unpaid, which was transferred to the Canadian National Securities Trust, under the Act referred to, has amounted to \$574,781,000.

The above large sums already written off represent in reality assumption by the Dominion of Canada of a very considerable total of capital which went into our railways, and entail as well a substantial addition to the National Debt. No criticism of such writing off is implied in this report. The results, however, after the writing off, speak for themselves.

It is evident that the railway problem cannot continue to drift as it has done in the past, without more hardship to the taxpayer and great and imminent danger to the credit of Canada.

In view of the marked increase in Government expenditure and taxation within the last years, of our constantly growing requirements, more particularly for national defence, for the relief of large sections of the community, for rapidly expanding social legislation, and the corresponding greater necessity of husbanding the resources of the country, we are moved to quote anew the solemn admonition given to the nation by the Duff Royal Commission of 1932. It is far more justified to-day than it was seven years ago:—

"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."

Reasons for Inaction

It is contended that the expenditure of the Canadian National, even if excessive, provides for the subsistence of a portion of the population which, otherwise, might be under relief. Obviously, this is fallacious, as nothing guarantees that such excess in expenditure goes to those otherwise in need of it and, above all, as such policy, if accepted, would lead to unrestrained wastage in all Government departments.

The complacent state of mind of many witnesses, including some officials, who seemed anxious to see the country resign itself to the perpetuation of unbearable deficits, is deplorable. To this end it was represented that these deficits were but an apparent loss to the country, as the Canadian National provided for the nation an equal value in services which were essential to its present well-being and future development. Such a contention is utterly inadmissible, as like adequate services can be, and in fact are, rendered by the other railway system in Canada, and by similar companies in other countries, at no cost to the nation.

Witnesses appearing before the Committee outlined solutions of the problem, in which there was implied no abandonment of essential services, but all were designed to reduce or eliminate unnecessary duplication and redundancy of services.

It is obvious that relief can be obtained otherwise only by a very large increase in revenues, which appears to be definitely unattainable either through increases in rates or through any conceivable growth of traffic.

Remedies Suggested

Three different methods were proposed to the Committee for securing economies to reduce the burden of Canadian National deficits.

Voluntary Co-operation

A more effective application of the co-operative provisions of the Canadian National-Canadian Pacific Act, 1933, was recommended.

This suggestion is far from being promising. Since the coming into force of the above law in 1933, the total savings from arrangements now in effect, and others agreed upon by the railways but not yet in effect, will be less than \$2,000,000 per annum.

Five years of trial has, it must be admitted, demonstrated that economies to be effected through voluntary co-operation are of a very minor order. Further, the evidence submitted on behalf of the officials of both railways made it abundantly clear that hope for the future in this regard is practically negligible. The absence of singleness of interest in the result to be obtained by economies, the continuous and not unnatural jealousies of officials as to the prestige of and immediate consequences to their respective properties, make the securing of what they describe as a balance of burden and advantage the subject of a long drawn-out and almost always futile struggle. In this respect any contention that the larger measure of responsibility for this futility rests on either one of the two companies more than on the other cannot certainly be supported by the evidence.

Enforced Co-operation

A second recommendation, made by the President of the Canadian National, provides for the injection into negotiations between the railways of a new body consisting of a repre-

sentative of each of the railways, and a chairman appointed by the Government, the chairman to have an over-riding vote. This body would have authority to initiate studies of any project suggested by any individual member, and, if a favourable report was made by a majority, or by the chairman alone, the proposal would automatically go before an Arbitral Tribunal for final decision. It was argued that this would relieve the railway companies of the stigma which would attach to agreement to undertake unpopular economies. As to the latter point, it would be most unwise to depend on the Government voluntarily submitting to public odium—as the result of the action of its representatives—a public odium which railway officials themselves admit they have recoiled from incurring. Experience proves that no Government will incur odium knowingly. The suggestion appears to be useless.

It might be pointed out as well that there would seem to be a dangerous responsibility assumed in establishing, as the effective agent of enforced changes in operation or physical assets, a Board on which two members would, as between the two railway systems, be representative of one, and only one representative of the other. It is important to avoid with the utmost care any enforced action which might be the ground of liability to the country later on.

It seems to us the sooner the people of Canada accept the conclusion that co-operation of two competing systems cannot be effective in any worthwhile way in bringing about absolutely needed economies, the better it will be for the establishment of some really effective remedy and for the solvency of our country. In this connection it must never be forgotten that the railways are in a death struggle for a living, and while that struggle continues, each will fight for itself. The consequence of this mutual destructiveness falls on the taxpayers of Canada. It was very strongly urged before your Committee that such mutual destructiveness can only end when the officers and employees of both systems are working wholeheartedly for a single economic end.

Unification of Management

The third suggestion made was unified operation by a single management of the Canadian National and the Canadian Pacific, each company continuing to own its respective properties, and no guarantee being given to the Canadian Pacific of a return on its stock or on its bonds or other capital issues. Each company would continue to receive, under unified operation, the net earnings which past actual results over an agreed period of years indicate that each would have received as an independent institution, and additional net earnings made available by the economies of unified operation would be shared between them on an equitable basis. It was intimated that of these additional net earnings the Canadian National should receive at least half. The suggestion was that unified operation would be under the control of a Board to be created by Parliament and to be composed of fifteen directors, five of which would be selected by the Government or by the Canadian National, five by the Canadian Pacific, and the remaining five by the directors already chosen, or by some other appropriate method.

This proposal was met at the outset by two objections:

Firstly.—It was contended that such unified management would create a huge and possibly an oppressive monopoly.

To this objection the following arguments taken from the evidence apply:—

(1) For many years very large sections of the Dominion not served by both railways have lived under the monopoly, if such it be called, of either the Canadian National or the Canadian Pacific, and have done so without any perceptible disadvantage.

(2) The Railways have long ago been stripped of all powers which might render any monopolistic feature injurious to the public interest. The Board of Transport Commissioners holds by Statute supreme authority over them and controls all abandonment of lines, withdrawals or reductions of services, as well as of increases or decreases of rates and fares.

(3) The development of transportation by means of motor cars, buses and trucks (public and private) and by air and water traffic, has created conditions where even under unified railway operation there would be very effective competition anyway, and competition quite difficult to cope with. Indeed, many witnesses, including some who spoke for labour, contended strongly that under the present system of operation it was impossible to meet this competition, and that if the situation is not met effectively, railway labour itself would be direct sufferers, and on a serious scale.

(4) The modern world exists under a great number of monopolies imposed by the free will of the people for the essential purpose of suppressing excessive charges and wastage due to duplication. This is strikingly exemplified in transportation, telephone, water, gas, electricity and other urban services, and in some countries, in railways.

Secondly.—The other objection is based on the apprehension that there would be created a large mass of population, whose united influence might dominate the political life of Canada. To this the answer seems to be that if the interest coalescing the railway employees is an occupational or a professional one it exists already. No more striking evidence of this can be imagined than the opposition to unified management, as well as to co-operation, voiced by the railway employees of both systems through their unions.

If the interest creating the coalition be a political one, then conditions now are just as favourable for its success as they could be under unified management. Indeed, there are many who believe that such political power is now exercised. Without any doubt at all, pressure is exerted, through their unions, by the mass of employees of both railways, on political parties.

This continuous, concerted pressure is mainly directed to the protection of a fortunate section among all the labouring classes of the country.

This influence is in fact one of the chief obstacles to the settlement of our railway problem. It can only be removed by placing the administration of the Canadian National definitely and finally above political interference and in the hands of capable, strong and thoroughly independent men, whose tenure of office could be attacked only for cause. This could be accomplished by placing our railways under the direction of a properly selected board, whose only object could be the successful operation of a united system.

Any reasonable cause which railway workers might have had to oppose unified management has been eliminated by the proffer of provisions

protecting them, in the manner effected in Great Britain, against loss by dismissal, demotion or transfer. It must be remembered that not less than from five to seven years will be essential to attain, step by step, the full results of unification. The evidence indicates that normal attrition, which accrues through death, pension age, or resignation, would remove men from employment faster in the aggregate than would be required during the process of unification, and those who suffer in special cases—for some would so suffer—can be assuredly compensated. These guarantees which have been definitely offered are measures of protection hitherto unknown to the working classes of any industry in the country, and corresponding protection is certainly not enjoyed by any other class.

It was not unreasonable to expect that railway workers would have been reassured by the definite statement to the above effect made on behalf of the Canadian Pacific—which, undoubtedly, would be acceptable to the Government if an arrangement were entered into—and would have withdrawn their opposition to a unified scheme of management. This is especially true because the scheme of compensation would be, and should be, the subject of an agreement in which the wishes of the employees would be fully represented, and the rights under such agreement would become statutory.

The object sought to be attained is the avoidance of financial disaster to our country, in which disaster every class would suffer, and the poorer classes even more than others. It is not, therefore, unjust to ask that all co-operate in a fair spirit to such an end.

Persistence in their present attitude simply means they insist that the taxpayers of Canada, for all time, shall carry the burden of many thousands of positions which are not required. On this point it must be carefully noted that the benefit in the main goes to the more fortunate class of senior employees, while junior men are left to suffer for want of work.

In this connection it is important to keep in mind that the railway business of the Dominion, as indeed of all countries, has been steadily diminishing in volume as compared with business as a whole. The evidence before your Committee led irresistibly to the conclusion that this tendency may be expected to continue.

Mr. Hungerford, President of the Canadian National Railways, submitted in his evidence that the efforts to operate the property on economical lines were circumscribed by what he defined as considerations of "public interest"; that what constitutes "public interest" was really determined by the Government of the day and that if the Canadian National were not a Government enterprise it certainly could not be carried on its present footing.

It may be reasonably inferred, as was indicated by the late Sir Henry Thornton in his evidence before the Royal Commission, that the policy of the Government, whatever might be the efforts of the Canadian National management to operate on sound business lines, is unhappily reflected in the administration of the railway in increases or reductions in personnel, in the carrying out of contracts for works, purchases, etc., which fact largely accounts for the Canadian National spending on operating costs alone last year 96·67c for every dollar earned by it, whereas, the Canadian Pacific spent 82·29c to earn the same amount.

As a glaring instance of political influence on the policies of the Canadian National, we may cite the fact that the completion of the Montreal Terminal was definitely promised on the hustings by Ministers of the Crown, months before the directors made their recommendation to proceed with the work.

It is submitted that joint managership, by elimination of this and other forms of political interference, and by gradually removing duplications and utterly unnecessary costs in many spheres, might well overcome the major cause of past recurring deficits.

Savings from Unification

Sir Edward Beatty, President of the Canadian Pacific Railway Company, claimed that through the unified management of both railways, savings to the amount of \$75,300,000 per annum could be effected under average traffic conditions, which he stated are those of the year 1930. This claim was supported in the greatest detail by a long line of officers of that company. These officers and Sir Edward himself were questioned at length by members of your Committee. Figures and supporting evidence for lesser, but still huge, savings were given, applicable to years of diminished traffic.

As to the method followed to establish such savings, it seems important that it should be described in some detail. The outline which follows is carefully deducted from, and is supported in every particular by, the evidence submitted:—

As to savings by unified management, there were first set out the conclusions arrived at by the respective officials of the two Companies at the request of, and submitted to, the Duff Royal Commission. These conclusions were as follows:—

By the Canadian Pacific officials:

\$75,300,000 based on the same scale of operations as prevailed in 1930;

By Canadian National officials:

\$50,340,000 based on the scale of operations of 1931.

This would be equivalent to \$56,440,000 based on the scale of operations in 1930—the operations of 1930 being about 30 per cent larger than the operations of 1931.

It is clear from the above that the comparable figures are \$75,300,000 as presented by Canadian Pacific officials and \$56,440,000 as presented by Canadian National officials.

There was then set out a full outline of the very thorough methods adopted in arriving at the above estimates of savings.

The evidence of Canadian Pacific officials was given and showed that a Committee of officers from the operating, engineering, traffic, mechanical and accounting Departments was constituted and worked over a long period. They surveyed the existing supervisory organizations of the two Railways as independent units, the location and function of the various lines of railway; passenger and freight train services; and terminal and shop facilities. Each phase was taken in hand by officers familiar by experience with each special work. Senior officials were made available for consultation. In a word, the resources of the entire organization were used by the Committee. The efforts of the Committee were directed not to determine any maximum limit of savings, but merely

what could reasonably be expected under normal conditions. Methods employed by the Canadian National were described as somewhat unlike those adopted by the Canadian Pacific. Both, however, included economies from reduction in general overhead expenses, traffic solicitation, advertising and regional supervision; line abandonments, re-routing of traffic, increased car and train loading, consolidation of repair work, readjustment of passenger train services, as well as from operating joint freight and passenger terminals, consolidating express and telegraph services, consolidating accounting services and other expenses. There are items which appear in each estimate which are not in the other estimate, but considering that two different methods were followed in getting together these estimates, there is an added importance to such similarity as appears in the two results. It was brought out in the evidence that in the case of the Canadian Pacific estimate the services of an experienced official of the Great Northern Railway Company were obtained to review very carefully the whole plan of estimating savings which had been adopted. This official, Mr. V. P. Turnburke, General Auditor of the Great Northern, had had to do, himself, with the consolidation of the Great Northern and the Northern Pacific. After a very thorough review on his part, he made certain criticisms and suggestions, and finally reported that in his opinion the committee of the Canadian Pacific, in estimating savings, had proceeded along conservative lines, and he did not hesitate to accept the conclusions reached.

A number of principal officers and engineers of the Canadian Pacific, who had been working on seventeen committees in all, demonstrated, under the several headings in use in railway accounting, the various retrenchments in expenditures estimated to result from unified operation. Most of these headings were divided into sections and even into further sub-sections, in order in each case to build up from the ground two sets of figures—the first set being such as applied to the particular section or sub-section as a part of the two systems when unified, and the other set being the savings in each case resulting from unification.

It cannot be gainsaid that the body of evidence made up by the above process was thorough and impressive.

There is one feature of these savings which should be especially emphasized. Efforts have been made to give the public the impression that savings can only be effected, or can at least mainly be effected, by abandonment of lines. The evidence very clearly demonstrated that savings by abandonment of lines did not amount to more than 10 per cent of the total savings that are realizable. Even this 10 per cent savings, which might be described as attributable to abandonment, included such almost unused short lines as to the abandonment of which no railway made objection. There appeared no intention, on the part of any of those who gave testimony, of abandoning any lines save such as would, after argument from all interested, be deemed by the Transport Commission of Canada as proper to be abandoned without sacrifice of public interest. Very large economies were shown

to be realizable without abandonment at all.

The evidence supported, and, save for minor items hereinafter referred to, justified savings to an amount of \$75,300,000 for the traffic level of 1930, as established in the Canadian Pacific estimate submitted to the Royal Commission in 1932.

In view of the enquiries made by various members of the Committee, the Canadian Pacific undertook, since the original hearing, the preparation of an estimate on the basis of 1937 traffic level, and this showed savings of \$56,346,000 without any line abandonments whatever, and savings of \$59,361,000 with allowance for such line abandonments as it was reasonable to assume the Board of Transport Commissioners would authorize under present conditions. This reduction was qualified by the statement that savings would fluctuate with traffic, and, therefore, revert to \$75,300,000 should traffic again reach the level of 1930.

The submission of the Canadian Pacific witnesses was necessarily of a technical nature. The same could be said, though in less degree, of the evidence in opposition submitted by the officers of the Canadian National.

To demonstrate the very special character of the argument made on both sides, it is sufficient to refer to the method used, not exclusively but in the main, to establish savings from unification.

This method required the ascertainment of reduction in train and car mileage obtainable without detriment to public service from the consolidation of lightly loaded trains—a consolidation which, manifestly, unified management could bring about—and from the use of the shortest and most economical routes both for passenger and freight. The result, according to the evidence, was a saving of 6,909,939 passenger train miles, or 14.3 per cent, and 8,897,000 freight train miles, or 15.4 per cent. These percentage reductions and others similarly calculated were used to measure the realizable economy in the different departments where such percentages could properly be applied.

In other cases economy was calculated directly by estimating what reduction would be possible by the consolidation of departments. The train and car mileage formula was used to prove over \$50,000,000 out of the \$75,373,000 of savings claimed as realizable. Other technical methods were applied either exclusively or jointly with decrease in train mileage to establish the balance of the economy so claimed.

All these calculations were based on the figures of 1930.

The Canadian National officers opposed the above formula and its results by denying that the stated reduction in train mileage is exact, and further by asserting that Canadian Pacific unit costs are not applicable to the Canadian National as the lines of the two railways are not comparable. Evidence was submitted by the Canadian Pacific to show that Canadian Pacific unit costs had not been applied to Canadian National operations, but, where used, had been adopted as the measure of cost possible of achievement by the unified system. The Canadian National officers further contended that the Canadian Pacific calculations took no account of the substantial reduction in expenditures of the former system from 1930 to 1937. The Canadian Pacific admitted that permanent savings made in recent years justified a deduction of \$4,801,000 from the original estimate, but showed that additions of \$9,056,000 were

justified by other known items of change. In addition, the evidence showed that by their very nature the temporary savings made independently by the railways were entirely different from the permanent economies which would be possible under unified management through the elimination of duplicate effort. The revised Canadian Pacific estimate to which reference has been made, having been computed on the basis of 1937 level of traffic, completely disposes, if it is reasonably accurate, of the contention that large economies are no longer available because of individual economies effected by the railways, either on account of reduction in traffic, or otherwise.

From 1930 to 1937, gross revenues of both railways fell 21.6 per cent. Combined expenditures of both railways between the same years were reduced by 20.7 per cent.

Mr. Fairweather seems to be the only Canadian National witness who has surveyed the whole question. The gist of his evidence was that large savings from the unification of railways were impossible of realization, as the public and employees would not tolerate consequent reduction of the services and the creation of a monopoly. When confronted with many items of savings to which these objections did not appear to pertain, even remotely, he gave the impression of unwillingness to consider any savings to which his objections did not apply. This general affirmation was supported also in general terms by Mr. Hungerford, the Canadian National President.

Throughout the testimony of these officers there was a pervading strain of concern for the popularity of the Canadian National Railway and management. This is not an unnatural characteristic, having regard to the atmosphere in which inevitably officers who are answerable only to a Government must live. It cannot, however, be too strongly emphasized that such attitude of mind leads irresistibly to redundant and extravagant services and the sacrifice of the taxpayer.

In connection with Mr. Fairweather's evidence in particular, there must be kept in mind the report made by him and submitted to the Royal Commission of 1932. This report embodied the conclusion that there was a possible saving of \$56,230,000 from unification on the traffic level of 1930, and \$50,090,000 for 1931, which latter year approximated closely the traffic conditions of 1937. Further, this report was made at the request of the late Sir Henry Thornton and submitted in train conference to the Royal Commission. It is important also to note that it was prepared prior to the constitution of that Royal Commission, and before the Canadian Pacific, at the request of the Commission, began work on its estimate. For the preparation of the above report Mr. Fairweather had the collaboration of seven technical assistants and access to any information he desired from the Canadian Pacific.

Mr. Fairweather's original estimate is elaborate and comprises an explanatory memo of 12 pages and schedules of 39 pages. Although prepared by a totally different method, it appears to corroborate generally Sir Edward Beatty's contention as shown by the following comparison of the two estimates under their main headings:

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Estimates by Canadian National and Canadian Pacific Respectively of Possible Savings Through Unification, Based on the Level of Traffic for 1930.

	C.N.R.	C.P.R.
Increased railway operating revenues.	\$ 6,540,000	\$ 1,396,000
Traffic solicitation and advertising.	6,950,000	5,976,000
Transportation and miscellaneous operations.	20,047,000	24,954,000
Maintenance of Way and Structures.	3,423,000	14,889,000
Maintenance of Equipment.	7,797,000	14,360,000
General.	1,573,000	4,289,000
Lake and coastal steamers.	500,000	450,000
Hotels.	4,500,000	....
Express operations.	600,000	1,450,000
Telegraph (railway and commercial).	700,000	948,000
Interest on released investment in material and rolling stock.	3,000,000	6,350,000
Miscellaneous.	600,000	311,000
Grand Total.	\$56,230,000	\$75,373,000

Details show items in each estimate that are not in the other, which indicates that a combination of both estimates might well produce potential fields of economy greater than the total of either.

Mr. Fairweather also gave evidence as to possible savings under co-operation. In this his opinion appeared to undergo very considerable variations as he first appraised savings under this head at \$35,000,000, then at \$24,000,000, subsequently again at \$10,000,000, and finally stated that such estimates were but guesses on his part. It is difficult to appraise the value of evidence so submitted.

This very brief analysis of the evidence suffices to reveal its technical character. While the undersigned feel, as probably other members of your Committee feel, that after many months of close study of this situation, and after having had the advantage of hearing scores of witnesses on every phase of the subject and of questioning such witnesses, they have been able to reach a dependable conclusion on the merits of the conflicting contentions advanced respectively by officers of the two railway companies, they are also of the opinion that not being possessed themselves of special expert knowledge on these subjects, the public would be better served and better satisfied if it could be supplied with the findings of an impartial tribunal of experts, qualified by training and experience to report on the evidence submitted. Accordingly, a motion was made before your Committee on May 2, 1939, in the following terms:—

That the evidence before this Committee be submitted to a firm of Railway Engineers and Accountants of high standing, free from all interest in either Railway System, to the end that such firm may study said evidence, and especially its practical Railway engineering and accounting features, and make such physical examinations as it may deem necessary with a view to making full report to this Committee as to what in the judgment of such firm would be the amount of savings which could be effected by a system of unified management, and whether and to what extent, if any, such savings would entail impairment of service to the Canadian people.

This motion, we regret to say, was defeated.

The undersigned are of opinion that such investigation need not have entailed very great expense, because, first, the evidence is already submitted, and, secondly, investigation on the premises would only be necessary in rare cases, because facts, maps, plans and other necessary data are already available and can be made open to inspection at the offices of the respective companies. The undersigned further are of opinion that only by means of such report could the full value of the vast mass of information, which your Committee has accumulated, be obtained and utilized by the Canadian people.

The undersigned consider it a matter of much significance that on this question which should have been dealt with as a pure question of savings to the people of Canada in the operation of the nation's railways, in which question necessarily the provision of essential services would be a part, there should be found two distinctly opposite sets of opinion among railway officials, and that one set should be entirely confined to the Canadian Pacific and the other set entirely confined to the Canadian National. The question considered as above defined is, or should be, essentially one and the same for both systems. The only conclusion is that considerations other than those included in the above definition must have intervened.

At this point again the undersigned further beg to emphasize the overwhelming necessity, from the standpoint of the whole country, from the standpoint of its credit and solvency, and for the good of every class and every community of the Dominion, that some solution definite and effective must be found, and found without further avoidable delay.

Conclusions

In the terms of your Committee's appointment, your Committee was assigned a very definite duty, namely:—

to inquire into and report upon the best means of relieving the country from its extremely serious railway condition, and financial burden consequent thereto.

To comply with the above commitment, a full inquiry had first to be made. This has been done. After enquiry, the next duty is to "report," and such report must disclose what in the judgment of your Committee is a "means of relieving the country from its extremely serious railway condition, and financial burden consequent thereto"; and the "means" reported must be, in the judgment of those reporting, the "best" means as shown by the evidence submitted.

The undersigned are utterly unable to find in the evidence any hope whatever of relief from any other source than that hereinafter indicated in this report.

We further are of opinion that if, contrary to the evidence, effective relief can possibly emerge out of any other of the suggested policies, such policies applied to the extent absolutely essential to bring such measure of relief will be open to whatever objections, if any, can be offered to the course hereinafter indicated.

We are impressed by the following considerations:

(1) That huge competing businesses struggling for a living in the same field can in general, and probably always, effect tremendous economies by unified operations;

(2) That such unified operations as have in a very minor way been put in effect in respect of our railways have already shown large percentage reductions. In the case, for example, of the pool trains, there has been shown an operating saving of 33 per cent, though such pool trains still carry the waste of duplication in terminals, yards, etc.

(3) That in addition to savings in year to year operations, new capital requirements for one singly-managed system should be very substantially less than new capital requirements for two competing systems.

(4) That assuming the public interest can be protected and essential services maintained, there would seem to be strikingly important opportunities for saving by some plan of unified management in respect of two such systems as now exist in Canada.

To ensure the full conservation of every essential public interest and public service, and to safeguard the interests of Canada, the undersigned recommend insistence on the conditions enumerated below in respect of any system of unified management which may be worked out. The undermentioned stipulations are not advanced with any thought that they are all-inclusive. We believe, however, that conditions in Canada, both as affecting the Dominion on the one hand, and as affecting the Canadian Pacific Railway Company on the other, are such that all necessary and reasonable provisions can be arrived at and agreed upon. The following objectives should be secured:—

i. There should be no obligation, legal or moral, implied or expressed, whereby the country assumes any liability in respect of Canadian Pacific obligations or securities, either as to capital or interest;

ii. Any plan of unified management adopted should be such that the resulting operation can in no sense be dominated by the Canadian Pacific Railway Company;

iii. Out of earnings up to the average aggregate earnings of both systems over such a period of years as may be agreed upon, the Canadian National must be assured the same share of such earnings as it has enjoyed of such average earnings;

iv. Out of earnings above such average earnings, which presumably will be earnings due to economies effected by unified management, the Canadian National should receive not less than one-half;

v. New capital investments, limited as they will be to joint requirements, should be provided for on a basis of definite and individual responsibility for respective shares of the capital on the part of the Canadian National (or of the Dominion of Canada), on the one hand, and of the Canadian Pacific Railway Company on the other hand;

vi. Both parties should agree to such enlargement of the powers and supervision of the Board of Transport Commissioners as may be deemed necessary to protect and serve every public interest.

The agreement is merely that there can be no complaint when it does come.

vii. In view of the very extensive economies to be attained, and to the end that the process may not involve undue hardship on anyone, provision should be made for the due protection, by both systems, of labour adversely

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affected by such economies, along the lines lately followed by the railways of Great Britain.

viii. Agreement to all provisions should be obtained from each separate class of security holders of the Canadian Pacific and of the Canadian National in so far as such latter security holders are not already protected by government guarantee.

The undersigned are of opinion that on the evidence submitted this country can look only to a system of unified management for relief; that the evidence demonstrates that relief can in fact be obtained under such a system, provided complete absence of political interference is assured in the statutory terms creating such system; and are further of opinion that same can be done with ample and complete protection of all public interests.

Arthur Meighen
C. P. Beaubien
F. B. Black
J. A. Calder
Thos. Cantley
L. Coté
J. T. Haig
G. B. Jones
W. H. Sharpe.

I am frank to say it is regrettable that a unanimous report could not have been presented on a matter of such gravity that it has occupied the attention of the Senate for two years, for without doubt our unanimity would have given to public opinion the strong lead which it requires in this connection. But let us be thankful for small blessings. In the darkness in which we have been groping for a long time there at last appear a few rays of light.

The work delegated to the committee was divided into two parts. The committee was instructed, first to inquire into the extremely serious railway condition of the country; and, second, to report to the Senate upon the best means of relieving the country from that condition.

Happily, as to the first and materially important part the entire committee is in accord. What does that mean? It is passing strange that without consultation both sections of the committee have pronounced what must be regarded as a solemn note of warning to the people of Canada. This warning is contained in the report of the Duff Commission of 1932, in which the commissioners give this grave admonition:

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,—

I would ask honourable members to pay particular attention to what follows:

—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.

Those are the solemn words chosen by all the members of the committee.

Hon. Mr. MURDOCK: May I ask my honourable friend whether that action was not taken in 1933, when the royal commission was investigating the matter?

Hon. Mr. BEAUBIEN: I wish my honourable friend would be patient. I may not have expressed myself very clearly—

Hon. Mr. MURDOCK: I am asking for information.

Hon. Mr. BEAUBIEN: —but I intended to say that the quotation is taken textually from the report of the Duff Commission of 1932. I added that that warning had been adopted by each section of the committee as expressing their own opinion. Otherwise, why should it be in the main report and also in the alternative report? It is there for absolutely no other purpose than to express what may be regarded as the unanimous opinion of the committee. The gravity of the situation is admirably expressed by an independent voice which should be heard throughout Canada.

What does that warning imply? That the financial stability of the country is menaced by the annual recurrence of Canadian National deficits unless one of two things is done. First, increased taxation. It is but yesterday that the Hon. Minister of Finance expressed regret that he was unable to lessen the tax load which is breaking the back of the nation, impeding the wheels of industry and commerce, and aggravating unemployment. To-day we are faced with the appalling figure of a million of our people on relief. Is it reasonable to believe that under those deplorable conditions taxation could be increased? What man in either House would dare suggest it to the country? No; increase of taxation is out of the question.

The other course is to reduce national expenditures. Who will be so courageous as to make such a suggestion? Why, our national expenditures have been expanding for years past, and will continue to expand.

For instance, who will dare propose that expenditure on national defence be restricted? The Government have guaranteed to the West a minimum price on wheat, and they are being asked to extend this concession to grain growers in the other provinces. And why should crop insurance not be extended to other products of the farm? Who in the name of equity would refuse a demand for similar treatment? And unemployment insurance is on the way. For years the central Government have invited the provincial governments to pass concurrent legislation to provide for insurance against unemployment, and some of the provinces have already taken the necessary steps in that direction. When, in 1935, the Government had the matter under consideration it was estimated that the federal contribution to unemployment insurance would be \$52,000,000 a year.

I am confident honourable members will agree with my contention that, on the one hand, taxation cannot be increased and that, on the other hand, national services cannot be curtailed. The conclusion is inevitable that the financial structure of this country cannot stand a continuation of Canadian National Railway deficits.

Right Hon. Mr. MEIGHEN: Hear, hear.

Hon. Mr. BEAUBIEN: My authority for that statement is to be found in the warning given by the Duff Commission, which, as I have stated, is cited in both the main and the alternative report. If my authority is wrong, then of course I am wrong, as are also all my colleagues, both those who are with me and those who are against me. But is it at all probable that twenty members of this House, after a conscientious investigation extending over two years, can be wrong in their conclusion? I do not think so. That, honourable members, is the basis for my submission that the committee is unanimous in its declaration that the financial structure of Canada is menaced and cannot stand a continuation of annual deficits on the operation of the Canadian National Railways.

May I examine somewhat briefly the main report in the light of this quotation which appears in both reports? For this purpose I pass to the second part of the instructions to the committee, that is, "to report as to the best means of relieving the country from its extremely serious railway condition and financial burden consequent thereto." For two years we have carried on our inquiry assiduously and attentively. We have heard witnesses who had suggestions to make to us, and we have tried to get from them all the

wisdom that it was possible to elicit. Three proposals were suggested to us: voluntary co-operation, enforced co-operation, unification.

I was surprised to hear my honourable friend's remarks on voluntary co-operation. We met with some hope of learning that voluntary co-operation had been effective. What did we find? I appeal to all my colleagues to endorse my statement that we found that after six years of voluntary co-operation the annual saving amounted to less than \$2,000,000. That was all. Last year we threw into the vortex \$56,000,000 of new money. Surprised at such a result, we asked for the explanation. What did we get? Let my colleagues of the committee consult their own memories. What did the railways say? The representative of the Canadian National said co-operation had been useless in the past and was hopeless for the future. As honourable members know very well, time after time the witnesses of the Canadian National rose and spoke. We were eager to extend to them an opportunity to give us some sort of hope. But no! Under co-operation they had done nothing in the past, and they held out no hope for the future.

My honourable friend (Hon. Mr. Dandurand) is really a marvellous man; I have always thought so; but when he spoke a moment ago I seemed to hear the voices of a host of people, and among them I thought I detected a voice that we often heard in the committee—a voice that can speak at any time and say anything.

Hon. Mr. MURDOCK: Oh, "can" the comedy!

Hon. Mr. BEAUBIEN: I do not understand what my honourable friend says. I never interrupt him, and I have asked him time and again to be as charitable with me as I am with him. I think I could play his game if I wished, but it is not suitable for this Chamber.

I come back now to that clever and versatile Mr. Fairweather, who has said everything and yet has said nothing. To hear him one would think co-operation was to give us everything; practically as much as unification. Co-operation and unification are on the same road and would, of course, reach the same goal if they made progress at the same rate; but the difference between them is that one advances not at all, whereas the other gives promise of reaching the goal. What is the meaning of co-operation carried to its fullest extent? It means the suppression of duplication. The principle is the same as that of unification. But for six years co-operation has

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produced no results, and as to the future the Canadian National say there is no hope.

Before proceeding to cite a far better authority to my honourable friend, I want to tell him that we on this side of the House were bitterly disappointed that in his report he did not say one single word about enforced co-operation. The witnesses of the Canadian National came before the committee, one after another, and insisted that teeth be put into the Canadian National-Canadian Pacific law of 1933. It was a strange proposal, but it held a modicum of hope for those who are asking very little and are easily satisfied. But in the report presented not a tittle can be found in regard to enforced co-operation. I was not surprised at that, but I think that not only we on this side of the House but also some of our colleagues on the other side were rather disappointed. The proposition of the Canadian National was that in the event of a proposal for retrenchment agreed upon between the two railways not being put into execution, for fear of political or social resentment, forsooth, the Government should then come boldly forward, assume the responsibility and enforce the retrenchment. Yet we have had in the report not one word on enforced co-operation. I presume that when my honourable friend (Hon. Mr. Dandurand) looked at the law of 1933 he found that he had nothing to add to it, and he began to think that at any time during the previous six years the Government, if they so desired, could have ordered the Canadian National to bring immediately before the arbitral tribunal any scheme of retrenchment proposed by either railway. As he could not very well rewrite the law, it already being complete and sufficient, he returned to the policy of purely voluntary co-operation.

As I have said, voluntary co-operation has done nothing in the past, and the Canadian National hold no hope for it in the future. What do the Government say about it? My honourable friend says that if you bar the road to voluntary co-operation the report which has been submitted to us is worth nothing at all; that voluntary co-operation is the only way. But what does the gentleman who on railway matters advises the Government say? Hon. Mr. Howe, who happened to be appearing before the House of Commons Committee on Railways and Shipping on the 18th of April last, was asked by Mr. Young, "Is that co-operation not like the horse and the rabbit?" To this Mr. Howe replied:

Considering all the disturbance up and down the country, and that they have saved less than \$2,000,000 a year for both railways, I think if

they had been allowed to run and had attended to problems within the railroads with the energy with which they have been worrying about this co-operation, both railroads would be much further ahead to-day.

In other words, the effect of what he says is—I do not think I am exaggerating—that voluntary co-operation is a pure loss of time; so we should forget it and allow both railways to attend to their business. Yet, after declaring that the railway condition of this country is such as to endanger the nation's financial stability, my honourable friend opposite (Hon. Mr. Dandurand) offers to the country as a remedy something which experience has shown to be utterly useless, something which a Minister of the Government, who cannot speak without the authority of the whole Government, characterizes as a pure loss of time.

Now may I say a word with respect to the alternative report? I shall be very brief. I know I shall be followed by honourable senators who can defend that report much more ably than I can.

There is one thing which I have been for a long time itching to say to this House. Time and again, when I have been defending a policy which I believed was the only salvation of the country in its present predicament, some of my colleagues have said it was the voice of the C.P.R. that was speaking. That was not kind. Worse still, it was not true. I do not so much mind whether a man is kind to me or not, but—

Hon. Mr. MURDOCK: Would you turn around? I cannot hear what you say. You are speaking to the wall.

Hon. Mr. BEAUBIEN: So far as I know, I never speak to the wall except perhaps when I speak to people who will not listen to me.

Hon. Mr. MURDOCK: Would you mind repeating what you said? I did not hear it.

Hon. Mr. BEAUBIEN: I am reminded of the little boy who said: "Do it again. Mama didn't see you."

Some Hon. SENATORS: Oh! Oh!

Hon. Mr. BEAUBIEN: However, I suppose I must do it again. I said I resented very much hearing some voice say, "Of course that is the C.P.R. speaking," when I was supporting what I thought was a reasonable solution, and the only solution, of the problem in which we are involved.

Some people have very short and very poor memories, but I think that what I am going to read will be recognized by honourable members who are around me; at all events by those who honoured this House with their presence in 1925. Listen to this resolution:

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 continues:

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 book-keeping, 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.

This was adopted unanimously by the Senate. It continues:

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—

It exceeded that last year.

—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—

Those are almost the words of the Duff report.

—nor can there be any move towards the reduction in rates and fares so essential to the prosperity of every inhabitant of Canada.

That report, which carried with it a guarantee of dividends to the Canadian Pacific Railway shareholders, was passed unanimously by this House. To-day there is no question of any guarantee whatsoever. The Canadian Pacific will take—what? It will take its fair share of earnings and its fair share of whatever savings can be made; nothing else. Therefore the resolution passed by the Senate in 1925 was far more favourable to the Canadian Pacific.

What is the condition of our railways to-day? Are conditions so changed that a scheme of that kind is not necessary? Since 1925 the Canadian National has increased the national debt by one-third, and, what is worse, the traffic on the railway, as has been shown in a clear and convincing manner, has fallen continuously since 1921, and is still falling. My honourable friend, in his report, has gone to the trouble of showing to what an extent traffic has decreased up to the present time. Half the trains in passenger service are carrying their full contingent of passengers; the other half are carrying nobody at all. In other words, passenger traffic has fallen by 50 per cent. And what about freight? Practically one-third has gone by the board. Will it ever

return? Never, in my opinion. I may be wrong, but I do not think I am.

In view of these circumstances I ask: Has anything happened since 1925 to justify anybody who put his signature to the policy then unanimously adopted by this House in withdrawing that signature? The conditions of the railways are worse; the financial conditions of the country are far worse; the emergency is much greater. Yet when one like myself makes bold to take up the policy of the Senate in 1925 and defend it, some people are unjust enough to impute motives that they would regard as insulting if imputed to themselves.

The Canadian Pacific did not agree with the Senate at first. I was not surprised at that, because it was only natural that that great company should want to maintain its identity. I remember that when I went to Europe before the war I found that though in France and other countries all over the continent very little was known about Canada, the Canadian Pacific Railway was an old acquaintance. I can understand the determination on the part of the company to fight to the last ditch to keep its identity. But from year to year its directors saw traffic gradually decreasing, and, although they were very courageous and able, a time came when they had to acknowledge that in this country there was not enough business for two railways. In this respect the problem is very simple, after all, and I make bold to say that but for the political element it would be settled in no time.

Right Hon. Mr. MEIGHEN: Hear, hear.

Hon. Mr. BALLANTYNE: Hear, hear.

Hon. Mr. BEAUBIEN: The Canadian Pacific found its business was dropping. Not only were the demands for transportation of goods insufficient to keep two railway companies going, but competition from motor cars and trucks was eating into the company's earnings more and more as time went on, and one day the Canadian Pacific's directors had to take off their hats to the Senate and say, "The Senate is right." That was a great compliment to this House, and it was no reflection upon the company.

Now let us look at what we have been warned would happen if unification were adopted. Two cries of danger dominated all others. These cries had a certain political significance, of course. One was, "No monopoly for Canada." I must admit that politically this had some merit. People who have not studied the question are likely to be frightened by the threat of a monopoly. But what is the truth about this threat? A very

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simple way to test whether the threat is well founded or not is to take a look at an ordinary time-table, which may be got in any railway office, containing a map of all the railway lines in the country. Of course, if it is a Canadian Pacific time-table, that company's lines will be more prominently displayed; and similarly, if it is a Canadian National time-table, that company's lines will be given prominence. But all the lines are there. What do we see when we look at such a time-table? We see that fewer than 5,000 miles of lines out of a total of 42,000 miles are parallel. After having heard representatives of both railways at our committee, I know that it would be out of the question to abolish more than half of those 5,000 miles, and the probability is that a much smaller proportion than one-half could be dispensed with. Canadian National officials say that 2,400 miles could be abandoned. That is, only about 5 per cent of the total railway mileage represents duplication that could be abandoned.

If you study the map a little more closely you will find that 95 per cent of our population is to-day, as it has been for years, tributary to one railway. Honourable members will see that the Canadian Pacific possesses monopoly in the Kootenay district of British Columbia, in southern Alberta, in southwestern Saskatchewan, in an area south of the Canadian National Transcontinental line from Nipigon as far as Sudbury, in the territory between Sudbury and Sault Ste. Marie, on the so-called short line between Sherbrooke and Saint John, New Brunswick, and in southwestern Nova Scotia; while the Canadian National possesses monopoly between Edmonton and Prince Rupert, between Edmonton and Kamloops, in much of northern Saskatchewan and Manitoba, in the territory between Winnipeg and Quebec, in the Lake St. John district of Quebec, in the northern portions of New Brunswick and Nova Scotia, and in Prince Edward Island. Generally speaking, the railways compete for traffic in the more populous centres. But I think no one will contest the truth of my statement that 95 per cent of our people are dependent upon one railway. Well, during the two sessions that our committee has been sitting, has any honourable member heard a single complaint about poor service from the people who are served by one railway?

Under unification there would be this same monopoly. In the cities people would have the use of both railways. That is the advantage, which anyone who has been in Great Britain will admit, of leaving a city by one system and returning by the other.

In any event, is it in the power of our railways to exercise monopoly in a way to hurt the public? Everybody knows the companies are completely under the control of the Board of Transport Commissioners. Not a line can be abandoned, not a rail can be lifted, not a train can be cut off, not a single service can be discontinued, not a fare or rate can be increased without permission from that tribunal.

Some people say it would be a terrible shock to our population to have to live under monopoly. Yet all our communities, from ocean to ocean, are living under monopoly. My honourable friend the leader of this House (Hon. Mr. Dandurand) remembers better than I do the time when Montreal had two tramway systems, two gas companies, two electric light companies and two telephone companies, but now we have a complete monopoly in each of those instances. We were not compelled to accept the change, but we accepted it because it suited us, because we knew it promised better and cheaper service. When there were two tramway systems in Montreal, if you wanted to travel farther than one line ran, you had to buy a second ticket to travel on the other line. And in former days, if you wanted a telephone in your office or home, you had to make a choice between La Compagnie de Téléphone des Marchands and the Bell Telephone Company, and if you desired to carry on a conversation with someone who was a subscriber of the company which was not serving you, it was necessary to pay an additional charge. No one will deny that monopoly has improved the service.

In this respect Montreal is typical of all cities and towns all over the country. Our people have their meals cooked by fuel furnished by a monopoly, they subscribe to a monopolistic telephone service, and every day they ride in street cars or buses operated by another monopoly. Whatever way it is looked at, this threat of monopoly is like a harmless gas-filled bag. If you prick it, the gas escapes and the bag collapses and falls to the ground. Yet, if we are to listen to my honourable friend the leader of the House (Hon. Mr. Dandurand), we must take it that our people would feel very uneasy once they stepped on to a train which was under the control of a monopoly. For people who several times a day use a tramway under monopoly, would it be appalling once a week or month to use a railway also under monopoly? Is there anything in that view? I wave it aside.

I come now to the other alleged danger, which in my opinion is a horse of a different colour. I refer to political domination. My

honourable friend once waxed very indignant about that: he said, "We will have no political domination." Well, what is the position to-day? I shall have to ask the House to be kind enough to let me pass rapidly over part of the ground I have covered on a previous occasion.

Hon. Mr. MURDOCK: There were nine Conservatives to seven Grits on the committee. Political domination.

Hon. Mr. BEAUBIEN: I do not understand my honourable friend. Is he asking a question?

Hon. Mr. MURDOCK: I understood the honourable gentleman asked a question about the position to-day. On the committee we had nine Conservatives voting for one report, against seven Grits voting for another report.

Hon. Mr. BEAUBIEN: My honourable friend will see how stupid I am.

Hon. Mr. MURDOCK: I would not say that.

Hon. Mr. BEAUBIEN: Oh, yes, I have to admit that. I was intending to talk about political domination by the unions.

Hon. Mr. MURDOCK: I beg your pardon.

Hon. Mr. BEAUBIEN: I did not want to discuss the attitude of committee members. I simply desired to remind honourable members of something that happened last year which it seems to me will have serious consequences for the whole country. In the beginning of 1938 the railway unions insisted upon an increase of 11 per cent in wages. The Government would be expected to defend the interests of the taxpayers, to prevent any unnecessary expenditures. Well, let us see if the railway workers needed an increase. I have already cited figures given before our committee by Mr. Chase, a very intelligent gentleman, who I believe represented the running trades. He said that locomotive engineers on passenger trains—I think that was the category, though I may be wrong—received an average annual income of \$3,205, and that the average of all railway workers was \$1,550. It struck me that this second figure was a very high one in comparison with the average wage of all workers in Canada. I thought it would be fairer to make a comparison with the next privileged class of workers; so I looked at an advance report on manufacturing industries for 1937, published by the Dominion Bureau of Statistics, and containing the latest figures available. As 1937 was a better year than 1938, the 1937 figures must be considered relatively high. I

found that this second privileged class of manufacturing workers earned an average of \$1,093.

Then I was curious to learn whether the cost of living in 1938 was high or low. The index figure, which in 1913 had been at 100, had increased in the hey-day of 1929 to 157.8, but by 1938 it had fallen 25 points, to 132, which I calculated was a decrease of more than 17, but less than 20 per cent.

When the demand was made for the increase in wages, did the Government say to the Canadian National employees, "In order to give you your present pay, which is on the average one-third higher than the average paid to the second privileged class of workers in Canada, the public treasury has to put up \$35,000,000 a year"? Did the Government point out that that contribution was only \$4,000,000 less than the amount paid by the public treasury to all the unemployed in the country, except those in the drought areas of the West? Whatever the Government said, the railway workers insisted upon their pound of flesh—upon the 11 per cent increase. And what did the Government do? They yielded to the workers' demand. And of course the Canadian Pacific Railway had to follow suit. One railway cannot stand alone. Why did the Government yield? When Mr. Ruel, at that time a Vice-President of the Canadian National Railways, appeared before the royal commission, the following exchanges occurred:

Commissioner Loree: When you get through with your five-year effort and everything, you save about \$30,000,000?

Mr. Ruel: Per annum.

Commissioner Loree: Yes. Why don't you reduce wages 15 per cent and save \$36,000,000 overnight?

Mr. Ruel: I wish we could.

Commissioner Loree: Why not?

Mr. Ruel: As far as the Government railways are concerned, we would be ordered to cancel that in twenty-four hours. . . . The C.P.R. might do it; we could not. We would not receive any support at all, we would be blackguarded all over Ottawa. We would not dare to go on the streets, we would be chased out.

Honourable members will understand why the Canadian National employees do not want to change their masters. Where could they find such subservient masters?

Hon. Mr. DANDURAND: I thought the Canadian Pacific employees were in the same boat.

Hon. Mr. BEAUBIEN: Certainly, they are in the same boat, and for similar reasons. They were represented by the same clever men. I saw them. They are very intelligent leaders of an admirably organized association,

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powerfully buttressed with American capital. They know how to use the gun with great effect.

If the employees were not determined to remain with their masters, why did they not accept unification? Let us not forget the unification offered them such favourable conditions as were absolutely unknown to Canadian workmen. Not one man would be disturbed or demoted without full compensation. The scheme contemplated attrition by natural causes, such as superannuation, resignation and death. Why did the men refuse that offer? They are, I repeat, intelligent and clever, and are well aware that conditions such as those offered could not be duplicated anywhere else. They know how necessary it is that the railways be solvent. It was an attractive proposal for the juniors. Always the seniors kick off the under-dogs, the poor juniors. It is a case of the devil take the hindmost. One might have expected any junior to say, "My goodness, my job is safe; I have no further cause for anxiety." The seniors, too, might have been expected to appreciate the advantage of such conditions. Many of them have nothing to look forward to except their pensions, and they must realize that these will cease if the Canadian Pacific becomes bankrupt and the Canadian National is in a still more distressed condition. And what will happen if the Canadian National continue to go into the red? The electors may say: "Why do you give the trainmen such fat pensions? Why don't you tell them to have recourse to old age pensions?" It has been demonstrated that we could do with 25,000 fewer employees and save \$40,000,000. Yet the leaders of the railway brotherhood are strongly opposed to any reduction of personnel. They know how invidious it is for them to play that part, and they must realize there is grave danger that pressure of public opinion may force the Government to undertake an investigation of railway wages and railway regulations. It is conceivable that in that case the people of Canada would not tolerate the payment to railway employees of one-third more wages for one-third less work. It is not generally known that trainmen work two days and rest one day. Do honourable members think for a moment that if the public were aware of this state of affairs it would be allowed to continue?

As I have said, the employees of the Canadian National Railways do not want to change their masters. And no wonder: they possess their masters! It may be asked, Why do their masters not shake them off? The answer is obvious: the masters—the Government—require them as their shock troops for election

purposes. Why should we hide our faces in shame and remain silent on this matter? The Government know that 1,200 votes in this county, 1,500 votes in another county, 1,800 in some other county and 2,000 in another county will be sufficient to secure the return of their candidates. I am reminded of the religious wars in Europe in medieval times, when a duke or baron would reward his mercenary troops by allowing them to plunder any cities that fell into their hands. There is, however, this difference between ancient and modern usage: to-day the railway workers do not do the plundering; the Government are kind enough to do it for them! This hidden but transparent unholy alliance must go. Unification will do away with it by placing both railways under a board of strong men unremovable except for cause.

I intend now to refer briefly to the evidence adduced on behalf of unification before the committee. The Canadian Pacific submitted to us a statement which they had prepared for the Duff Commission in 1932. It was an estimate of the savings that would result from unification of the two roads. The statement, prepared by their engineering and accounting staffs, showed a saving of some \$75,000,000 odd on the level of the traffic of 1930. At the request of our committee this estimate was brought down to the level of 1937. As I recall, this amended statement showed estimated savings of \$59,000,000 with an abandonment of about 2,000 miles of railway, and estimated savings of \$56,000,000 without any rail abandonment at all. I may say that the estimate prepared for the Duff Commission was submitted to the auditor-general of the Great Northern, which had just carried out an amalgamation with another railway. He examined the estimate and said it was reasonable and realizable. Before the committee this estimate was explained and exemplified by seventeen committees of Canadian Pacific officials, each taking a part of the estimate, dividing it into sections and subsections and building up on the one hand the united system and laying aside and computing all savings that could be made.

On the basis of a united road the railway officials assumed that cars would be fully loaded, and would be hauled over the shortest routes, and they found that considerable economies were possible. In order to evaluate the economy at every step, they worked out the savings in terms of reduced car and train miles. Of course, if you have cars fully loaded you need fewer cars and consequently fewer men. Their calculations showed a reduction in passenger and freight services of 14 and 15 per cent respectively. They applied that measuring stick wherever

possible. For instance, they said, "If we have fewer locomotives and cars we shall require fewer yards and repair shops and a lesser quantity of fuel and lubricants, and it will not be necessary to have as large a personnel." That simple method was applied to \$50,000,000 of the \$75,000,000 of savings contained in the 1932 estimate. As to the balance of \$25,000,000, to which the yardstick could not be applied, they said that, for instance, if you have two offices in one city, by eliminating one you would save one-half of the expense, but of course you would have to make allowance for a greater amount of work being performed by the subsisting office.

This evidence was met by what I might term "the defence" in a manner designed to discredit it. A slight error here or there was magnified so as to cast doubt on the figures as a whole. Three major objections were urged. First it was said, "Your calculations on car mileage savings are not right." There was not a tittle of evidence in support of that objection, and, speaking as a lawyer, I do not attach much importance to it. Then it was said, "You have no right to apply Canadian Pacific unit costs to Canadian National operations, because the two lines are not comparable." The Canadian Pacific retorted: "We do not. What we do is to apply the Canadian Pacific unit costs to the united road."

Right Hon. Mr. MEIGHEN: Hear, hear.

Hon. Mr. BEAUBIEN: They said, "We do not apply it to the Canadian National." Why should the unit costs of the Canadian Pacific not be imposed on a road having the advantages and facilities of unification?

The third objection was, "Oh, yes, but you do not take into account the immense savings we have effected since 1930." Well, those savings of a permanent nature were not more than \$4,800,000. In fact I think I am perhaps stating the figure a little too high.

Right Hon. Mr. MEIGHEN: Too high.

Hon. Mr. BEAUBIEN: All the other economies made by the Canadian National were due to fluctuations of business. According to the Canadian National the Canadian Pacific evidence was not correct, but there was nothing to show that the Canadian National economies were not due to declining trade. Everybody will recognize immediately that when trade falls off the railways have to make economies and reduce their costs. But if trade increases and costs rise, the railways will then have a full opportunity to make the economies which the Canadian Pacific Railway had in mind.

Now, only one witness made a frontal attack on the evidence of the Canadian Pacific Railway. He attacked it from A to Z, and did not mince words. I refer to Mr. Fairweather, a very versatile and very clever gentleman—I should say almost too clever. Mr. Fairweather simply said that economies of the kind referred to were out of the question; that they were impossible. When he was asked if the Canadian National had not made an estimate of the same kind, what did we discover? We found that in 1932 Mr. Fairweather had been asked to estimate the savings from the unification of the two roads.

Right Hon. Mr. MEIGHEN: In 1931.

Hon. Mr. BEAUBIEN: I am sorry. In 1931. Every facility was placed at his disposal—all the books of the Canadian National, all the information of the Canadian Pacific—everything. So Mr. Fairweather made an estimate. And who do you think asked him to do this? It was not the royal commission, for it had not then been created, but his own president. There was no reason why Mr. Fairweather should make any error in advising his president. At all events, Mr. Fairweather made an estimate which corroborates in a most formidable manner the estimate of \$59,000,000 made by the Canadian Pacific Railway on the basis of the traffic level of 1937. When Mr. Fairweather was asked what he had to say about that, he replied: "Oh, that is purely theoretical; it could never be put into practice except with a supine public and a spineless personnel."

Hon. Mr. DANDURAND: That is what he said before the Duff Commission.

Hon. Mr. BEAUBIEN: Yes. He had changed his mind.

Hon. Mr. DANDURAND: He said that.

Hon. Mr. BEAUBIEN: I will let you have Mr. Fairweather as he is.

Hon. Mr. DANDURAND: He is a very bright officer.

Hon. Mr. BEAUBIEN: Do not forget, he spoke of a supine public.

Now, I have already shown that the railways cannot do anything to the public. The Transport Board plays the part of watch-dog, and without its permission not one line, not one car, not one service can be removed; nor can rates be increased. It is laughable, therefore, to hear Mr. Fairweather speak of a supine public.

He referred also to a spineless personnel—a personnel to whom conditions have been offered such as never before have been known

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in this country; conditions under which not one of the employees could suffer in any way, shape or form. Yet that was his answer.

Now let us go a little further. My honourable friend has spoken of the enormous amounts that could be saved by voluntary co-operation.

Hon. Mr. DANDURAND: Earnest voluntary co-operation.

Hon. Mr. BEAUBIEN: All right, earnest voluntary co-operation. And there I could almost detect the voice of Mr. Fairweather. We asked him what he thought about co-operation, and what was his answer? First of all he said we could save \$35,000,000; then he changed his mind and said, "Oh, I think we can save \$24,000,000." He was stepping down. Then he said: "I should like to change my mind again. I think the saving is going to be \$10,000,000." Of course we were all a little exercised over that. We asked him if that was an estimate or a guess, and he said, "Oh, it is a scientific guess." It was a guess. Mr. Fairweather is certainly very clever to be able to contradict himself so flagrantly and still stand before us as a witness. In order to do anything like that, one requires ability and a little something else as well.

That we have before the Senate to-day a formidable body of evidence in favour of unification, I do not think anybody will deny, and I ask honourable members to reflect and say whether under the circumstances the argument of common sense should not be applied. Here are two enormous industries, both working practically half-time in the same field. For twenty years business has been decreasing. Is it not rational to believe that if those two industries were contracted to a size commensurate with the business to be done there would be great economy?

A further argument in favour of unification is to be found in what has been done in Great Britain. What my honourable friend (Hon. Mr. Dandurand) has said is no disparagement of the system adopted there, where one hundred and twenty railways were merged into four, and where those four are on the way to becoming one.

Hon. Mr. DANDURAND: They have 20,000 miles of line divided among four railways.

Hon. Mr. BEAUBIEN: I am thankful to my honourable friend for reminding me of that. In a country with 42,000,000 people and a railway mileage of 20,000 miles it has been found necessary to reduce the number of railways from one hundred and twenty to four. In a country like ours, with 42,000 miles of railway and 11,000,000 people, we do not

think it is necessary to make any contraction at all of our railway services. We let the railways continue to run throughout the country and provide double the services required.

Another reason is our own experience.

Hon. Mr. DANDURAND: Great Britain is only a postage stamp compared to Canada.

Hon. Mr. BEAUBIEN: I thank my honourable friend for helping me in my argument.

Another reason, which should not be neglected, is this. Co-operation, which, as I say, involves the same principle as unification, has up to now, wherever it has been put into effect, produced an economy of 33 per cent. Still these efforts towards co-operation, especially in the matter of block trains, are handicapped by duplications of terminals and yards and other services. Is it not rational to say that if you obliterate duplication completely you make a saving of at least 20 per cent? Honourable gentlemen may not know what that would mean. On the basis of the traffic level of 1930 it would mean \$70,000,000; on the basis of the traffic level of 1937 it would mean \$54,000,000.

In 1925 this House—not the Canadian Pacific Railway—showed the way to the only remedy for our railway ills. A tremendous amount of information supporting unification has been gathered together and is available to the Government at a paltry cost. What is \$25,000 or \$50,000 in comparison with our railway deficit? It is less than one-third of a day's loss on the Canadian National. This information is easy to reach; our good friend Colonel Biggar has moulded the key to the vault where it is kept, and the Government could send in accounting clerks to verify the figures, and engineers, with slide rules, to check formulas and make such an investigation as would be necessary in order to enlighten, not the members of the committee who signed this report, but others, and even the Government themselves, who will have to deal with this matter. My honourable friend may be very glad to have his hands strengthened. If it is proved that we are wrong as to unification, unification will be buried for ever; if we are right, should the Government not know it?

The Government may think they have an easy road to travel, but I want to warn them that before long they may be searching for some economies to enable them to help some of our people who do not receive such good wages as railway workers do. The Government may be looking for money to help out farmers of the province of Quebec, for instance or of Ontario, whose credit has disappeared.

I want to predict something else. The Government, I suppose, are not paying attention to our work here, but the people at large

are. Some day the people will reflect that an average of \$50 per family is being paid out every year on account of the Canadian National Railways' deficit, and that much of this money could be saved. They will realize the fact that because of our system of indirect taxation everybody has to contribute to make up this deficit, and that the burden does not fall upon rich people alone, for there is only one class of people in the country who do not pay, namely, the paupers who live exclusively on charity. Some day public opinion will wake up, and then the Government's policy will change as quickly as the weather vane changes in response to the breeze.

In conclusion let me say that the task we are performing to-day is not a pleasant one. We have party ties, and it is painful to do what we are doing. But surely in this House, with its exalted position, there must be corresponding responsibility. Our duty, in a matter as serious as the one we are discussing to-day, must first of all be to our country. At all events, and above all, let not the people lose confidence in the Senate. There are a great many persons who consider themselves clever and who believe nothing can equal the playing of politics. I have here an article which I found in an Ottawa newspaper to-day. It might help towards the realization that, after all, in our day political ability does by no means count as much as the courage to do our duty. But I fear that if I read the article it would cause some of my honourable friends across the way too cruel an impression.

At 6 o'clock the Senate took recess.

The Senate resumed at 8 p.m.

Hon. A. D. McRAE: Honourable senators, in order to relieve me from the necessity of reading it, I ask the approval of the House that I may place on Hansard as a preface to my remarks my proposal to the Special Railway Committee of the Senate. It will be the basis for my talk to-day. I think honourable senators are quite familiar with it.

Some Hon. SENATORS: Carried.

Hon. Mr. McRAE: Thank you.

(This is the proposal submitted by Hon. Mr. McRae.)

Proposal to Special Railway Committee of the Senate.

I approach our problem with a sincere regard for the public interest and in the hope that this committee, after two years' effort, can arrive at a report to the Senate which will be helpful in the present railway situation. For these reasons only, I feel impelled to submit to the committee my proposal.

I know that Senate committees are supposed to be free from party considerations, but, rightly or wrongly, there has crept out to the

country the impression that politics are playing a part in the conduct of our proceedings. I am sure that in these very difficult times many honourable senators, like myself, have entirely lost their party passions, and that with every member of this committee party passions have at least been greatly subdued. I am sure you will all agree with me that the only thing we are here to consider is, What is in the best interest of the country as a whole? It is therefore highly important that any report this committee may make should be high above and divorced from any charge of party politics, and also free of the charge of being influenced by either railway system.

In the beginning of our work the only benefit I could see which might come out of our inquiry was educational; that is, to give the facts to the country. We should now, however, recognize that notwithstanding that our report would ordinarily be confined to the particular matter referred to us, as our inquiry proceeded and the Press gave publicity to the hearings, aided by the discussion of many individual citizens throughout the country, a large section of the public have come to regard our inquiry as one which should result in the solution of our railway problem. They therefore expect, in fact demand, a report from this committee which will be definite and concrete and at least give promise of a more complete evaluation of the entire railway situation than it is possible for this committee to bring in.

Nevertheless, I honestly believe that with this responsibility resting on our shoulders, any failure to bring in at this time a recommendation which will point the way to an impartial judgment, free from any political considerations or railway influences, will leave us subject to the most violent attacks by those who to-day are agitating against our democratic form of government, and more particularly those who are attacking the Senate of Canada. Our failure to come to a constructive finding after our two years' work, I feel, would be a discredit to every member of the committee and would greatly injure the standing of the Senate itself. The problem is now on the doorstep of Parliament. To endeavour to sidetrack it, to avoid it or to bring in an innocuous report, would be little short of calamitous and furnish a clear example of the inefficiency of Parliament itself. It therefore seems imperative to me that our committee should come to some constructive recommendation which promises an impartial inquiry into our entire steam-railway problem.

Our inquiry has been almost entirely confined to the savings which would result from unification. As I have often said, I am opposed to unification as presented to the committee. I am certain that, as matters stand to-day, the great majority of Canadians are opposed to unification. That proposal, even to those who desire it, is therefore impossible of fulfilment at this time.

The larger problem of the future of our steam railways has been barely touched. The financial picture, except as affecting savings in operation, has also not been enquired into. Many other correlated factors remain to be disclosed. Collateral issues, such as unemployment, have also to be considered and passed upon before anything like an intelligent, safe opinion can be arrived at as to how the country should deal with this all-important matter.

There is much need to inform the public with regard to the unfortunate position in which our railways, in common with railways in the United States, find themselves. It is my opinion

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that the ever-growing competitive transportation services have put our steam railways, operated as they are to-day and on the present rate structure, entirely out of the class of "profit-earners," for all time. The march of time knows no retreat. At present some people believe unification would be the end of our railway deficit. This is very far from the fact. Others think that, given time, with our Canadian National Railways not interfered with and with a revival of business, deficits will disappear. This, too, is equally erroneous. Everyone is agreed that railway rates cannot be advanced—a procedure which is usually followed where a business cannot make both ends meet. In view of the present financial position of the Dominion, obviously the present railway situation cannot continue indefinitely. The judgment day is certain to arrive.

The real question which still remains, after a review of the entire railway situation, is, What can be done in the national interest to relieve the taxpayer? When a solution is finally proposed it must be one which will have the support of the majority of the Canadian people; hence the necessity of an impartial report which will carry conviction.

It is with a full appreciation of the situation that I submit to you for your consideration my proposal, which is as follows:

That we recommend to the Government the appointment of a board of three eminent Canadian judges, the chairman to be a member of the Supreme Court of Canada.

The duty of this board will be to inquire into all matters affecting our steam-railway problem, their financial, operating, labour and similar correlated factors;

To review all the evidence from and including the Duff Royal Commission of 1932 and all the evidence available taken before Senate committees since that time, including the present special Senate railway inquiry;

To consider the present position of our steam railways and the probability of their making necessary earnings in the future;

To report to the Government what, in its opinion, keeping the national interest in view, could be done to improve the railway situation in Canada;

The board to be empowered to engage counsel and such other expert advice as it may find necessary to enable it to arrive at a conclusion on any of the various points which may arise in its consideration of our steam-railway problem.

The members of the committee will note that I have endeavoured, in my proposal, to accomplish the following:

First—To place this question before a board far above any reproach of political or railway influences.

Second—The findings of this judicial body will carry weight with Canadians generally. Canadians, quite properly, have a high regard for our courts, and would have a similar respect for the findings of this board of judges.

Third—The conclusions of this board would cover all essential points which go to make up the present railway problem and its possible solution or improvement.

Fourth—The expense of this board would be very small indeed, compared with the amount at stake. Practically all of its work would be

done in the city of Ottawa. The employment of counsel, familiar with the voluminous evidence on file, would greatly facilitate its efforts. The board would only require such expert advice as it might find necessary in order to enable it to arrive at a satisfactory conclusion on any point in doubt. This item of expense would be the minimum the situation necessitated.

Fifth—The board would inquire into the problem as a whole, taking into account what is best for the nation and not one section or aspect alone, of the issue, which is most difficult to judge separated from the whole. Its findings in this way would be for the general good and well-being of Canadians.

Sixth—The findings of the board would undoubtedly prove of inestimable value to the Government of the day in dealing with any eventuality which might occur in our railway situation.

May I say, as a member of the committee, after attending its meetings for the last two sessions, I have come to the firm conviction that this question must be lifted out of the atmosphere in which we now find it, if anything worth while is to come out of our inquiry.

The exigencies of the situation demand that we place this question before the highest and most unbiased judicial body the country can command, whose judgment on the entire railway problem will be accepted by the Canadian people.

It is with this hope that I submit for your consideration this proposal.

I welcome the opportunity of speaking early in this debate so that honourable members of the special committee, as well as honourable members of the House, may have the opportunity to criticize my suggestions, all of which I hope will make for a clear understanding by the public of the issues involved in our railway problem and the different points of view by which we arrive at our conclusions. I trust this discussion will not only bring about a truer understanding of the situation, but will materially help to crystallize public opinion.

I would not wish my remarks to-day to be considered critical of either railway system. Both systems have made mistakes. But what individual doing business has not made mistakes? The reasons for, or the extent of, these mistakes are not now worth the time required in referring to them. It is all water over the dam. We have the results before us in our railway deficits. Nothing more need concern us at this time.

I feel that our railways have done very well in the difficult situation which has prevailed. The results compare very favourably indeed with the results of similar railways in the United States, where there is a much greater density of population and traffic, and where higher railway rates prevail.

Honourable senators will, I am sure, be interested in a short review of the railway situation in the United States, where conditions are very similar to conditions in Canada.

A Washington dispatch states that one-third of the rail mileage in the United States is in bankruptcy or receivership; that the trouble with the United States railways, in addition to diminishing business and over-capitalization, is the increase in wages and taxes, which have doubled since 1899; that there is little possibility of any great gain in revenue; that capitalization must be based on earning capacity or the roads will continue to crumble and fall as they have done in the past.

It reports Senator Wheeler, of Montana, as suggesting legislation which would create a new court with exclusive jurisdiction over bankruptcy and receivership. This court would have full authority over re-organizations and might materially reduce the face value of railway securities, so that they would fairly reflect the earning capacity of the re-organized companies. This, it says, savours of confiscation and is being bitterly attacked by insurance companies, educational endowments, and other institutions which have railway bonds in their portfolios. Prior to the depression it was said that these savings institutions held most of the United States railway securities, estimated at that time at about twenty billion dollars.

The report goes on to say that the railway is a national institution which must not be allowed to perish, that government ownership is not popular in that country, but that government handouts to the railway companies will accomplish little.

That gives very tersely the general situation.

A reliable report I have before me states there are 141 Class 1 railways in the United States. These are the railways whose annual gross revenue exceeds one million dollars. In 1938, all Class 1 railways had \$509,000,000 income available for fixed charges, which totalled \$615,000,000. Roughly, their net earnings were \$100,000,000 short of fixed charges. To be exact, they earned, collectively, 82 per cent of fixed charges.

The interesting part of this statement is the mileage abandoned in the last eight years. At the end of 1937 the United States had 414,572 miles, as compared with 429,054 miles at the end of 1929—a decrease of 3 per cent in eight years. An interesting comment in the statement is that the abandonment of railways there has been hampered by the inability of the railways to take any such action without the approval of the Interstate Commerce Commission. Characteristically, it says that the Interstate Commerce Commission has shown reluctance to grant applications for mileage curtailment. The Interstate Commerce Commission occupies the same position in the United States as our Transport Board in Canada, and it is worthy

of note that these authorities in both countries are showing the same disposition not to permit the abandonment of mileage.

I have here a statement as to the devaluation of the current assets of steam railways, which may be very interesting to honourable senators. It is taken from a report issued last summer by the Interstate Commerce Commission of the United States. It says that the net current assets of Class 1 railways in the United States at the end of 1930 were approximately one hundred and twenty million dollars, whereas at the end of 1938 the current liabilities of the same railways exceeded their current assets by over one billion dollars, which would mean the wiping out of one billion, one hundred and twenty million dollars of assets in eight years. If these figures are correct, such a debacle in the principal transportation system in one country surpasses comprehension.

We can better understand the situation of one railway which goes to make up these tremendous figures, a great railway which you all know, the New York Central. A few years ago it paid big dividends. Now it is losing twenty million dollars per annum.

While I am dealing with foreign railways I might give to the House some pertinent detail as regards the situation in Argentina. Argentina has recently added to its government ownership the Argentine Transandine Railway, approximately 160 kilometers in length. The outstanding debt of this railway was £1,175,000. The purchase price was £75,000 in cash plus £675,000 of 4 per cent state railway bonds. It will be noted that this settlement was, roughly, 64 per cent of the railway's outstanding indebtedness. The acquisition of the Cordoba Central Railway of Argentina, 960 kilometers, is said to be still in the negotiation stage. The purchase price proposed is slightly under £10,000,000, whereas the par value of outstanding debt is £20,550,000. Here again it will be noted that the proposal is to pay 48 per cent of the outstanding debt. Apparently Argentina is faced with the same railway problem as every other country, and has decided to take over the railways gradually and to operate them under government ownership. At the present time about 25 per cent of the Argentine mileage is owned and operated by the Government. Recent press dispatches reported Argentina placing in Germany a large order for Diesel engines for the Argentine railways; so, apparently, the Government are taking steps to renovate the railways and bring them up to date.

I might quote the results in our sister dominion, New Zealand. With about a tenth of our population, New Zealand has three

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thousand miles of railway. Last year the deficit, after interest was paid, was about £1,700,000, or over \$3,000,000.

It appears that even Germany is having railway troubles. A Berlin dispatch of March 16 last says:

The German state-owned railways announced to-day a huge four-year construction plan on which it is proposed to spend 3,500,000,000 marks (\$1,400,000,000).

The German Federal Railways have felt a severe strain on rolling stock owing to large-scale displacements of men and materials for various state purposes. The program provides for construction of 6,000 locomotives, 10,000 passenger cars, 112,000 freight cars and 17,300 power-driven cars.

I have occupied quite a little of your time in the hope of showing you that the steam-railway situation is pretty much the same all over the world; and, as I said in my earlier remarks, I think our railways have done very well under the circumstances.

The main difficulty in the steam-railway situation on this continent is that the business is a waning or diminishing one, losing out in the march of progress. Competitive transportation services by truck, bus, motor-car and latterly the aeroplane, have in the aggregate made fatal inroads into the revenue of our Canadian railways. The Panama Canal and improved lake transportation have also played their part in our decreased railway earnings. I am not one of those who believe that undue hindrance should be placed on these new transportation services, which make for efficiency and convenience in handling the business of the country, in order that some of this business may be returned to the railways. I do not think the Canadian people will ever approve such an effort, nor do I think they should, unless they are prepared to have Canada lag far behind the times in transportation. These competitive services are as certain to increase as the sun is to rise. Every mile of good road adds to their opportunities, as does every improvement in buses and trucks. The future holds no hope for permanent improvement in the steam-railway situation under present conditions. That is the way I see it.

Professor McDougall submitted to our special committee a graph showing that over a period of sixteen years, 1921 to 1937, the freight revenue of our railways had consistently declined, being now only three-quarters of what it was sixteen years ago. The passenger service has declined much more: to-day it is only 39 per cent of what it was in 1921. The graph showed a consistent decline, with no upturn at the end of last year. In the meantime costs of operation, including labour, have gone up, and the end is not yet.

It is evident that if our railways are to serve the public satisfactorily and our country is to remain solvent, some rearrangement of our railways is imperative. We shall soon be faced with the expenditure not only of tens of millions of dollars to rehabilitate our roads, but of many millions more to bring them up to date. Except for larger equipment, they are operating on the same plan as they did fifty years ago. No successful or extensive effort has been made to meet the new competition.

I shall attempt to deal with our railway problem on the basis of the five possible solutions which I think are in the minds of honourable senators at this time. They are as follows:

First, unification—a subject which has been very much under discussion in our special committee.

Second, voluntary co-operation between our two systems. For the success of this effort the Government alone appear still to have hope of results.

Third, enforced co-operation—a proposal which I thought had been largely discarded, but which bobbed up and was prominent in the last sessions of our committee.

Fourth, status quo; that is, to continue as we are at present.

Fifth, government ownership of both railway systems—a result that many people in Canada fear may be the final outcome of our railway troubles.

Hon. Mr. CALDER: Hear, hear.

Hon. Mr. McRAE: The plan most discussed at the moment is unification. The inquiry in the committee was limited to savings in operating costs through unification, and even in that respect it was far from complete. The question of taxation, for instance, was not even mentioned, although it would form an important item in expenses. No member of your committee knows whether the proposed unified company would be subject to taxes, as the Canadian Pacific Railway is at present, or whether all taxes on our railways would be washed out. Certainly the railways, when put together, could not be treated separately for taxation purposes. This is an important item in any unification plan, and one which would deeply concern the municipalities throughout Canada whose revenues would be affected.

When you go into a deal you usually look into it to see "where you get off at." So far as I know, this has not been done, at least so far as the country is concerned. It was not a subject of discussion before the committee.

I have said unification is not a solution of our railway problem, although I fear many people think it would be the end of our railway deficits. At best it is only a palliative. If honourable senators will bear with me I shall endeavour to show how the present unification plan might be expected to work out.

Let us begin with Sir Edward Beatty's revised figures of joint savings under unified management, \$59,747,000 annually, which would be reached at the end of the fifth year. For ready calculation we will call it \$60,000,000. All figures are based on the railway business of 1937. Originally, in the discussion of labour displacements, it was stated that it would take seven years to accomplish the final objective. Later, five years was mentioned, and, as this reduces the picture I shall present to you, I will take five years as the basis instead of seven years. To average this gain over the five-year period, joint savings of sixty million dollars reached in the fifth year would mean a saving of \$12,000,000 the first year, and an increase by the same amount each year. As it was proposed that at least one-half of this saving should go to our National Railways, we will take \$6,000,000 of this \$12,000,000 saving as being applicable to the reduction of the present deficit of the Canadian National Railway system from the first year of the unified operation, and an additional \$6,000,000 each year for the next four years. We thus arrive at \$30,000,000 as the saving to the National Railways for the fifth year. Starting with the National Railways' deficit of last year, \$54,000,000—for convenience I will use round figures—and reducing it by \$6,000,000 the first year, \$12,000,000 the second year, and so on for the period of five years, you will find that at the end of that time our National Railways would still have a deficit remaining of \$24,000,000 a year; and in the interval the people of Canada would have had to provide as their contribution to the partnership a total of \$180,000,000 to make up the remaining deficits over the five-year period after full credit was taken for the savings Sir Edward Beatty proposes under his unified plan.

These are giant figures of continuing losses which the country would have to make up in connection with our National Railways, and after the five-year period we should still be carrying a heavy yearly deficit of \$24,000,000. I think you will all agree with me that this is not a very encouraging prospect for us to look forward to. And this is based on the assumption that the present railway business will show no further shrinkage.

Let us see how this plan would work out for the Canadian Pacific at the end of the

five-year period. By the addition of one-half of the estimated annual saving under unification at the end of the fifth year, namely \$30,000,000, to the net earnings of \$1,260,000 as shown by the Canadian Pacific balance sheet for last year, that company's annual net earnings would be increased at the end of five years to \$31,260,000. Deducting from this amount 4 per cent interest on the non-cumulative stock, roughly five and a half million dollars, would leave net earnings for the Canadian Pacific of \$25,760,000, equal to 7.68 per cent on the ordinary stock as carried on the books of the company. While this takes in the miscellaneous earnings of the Canadian Pacific, it is a very good showing for the railway.

Does any honourable senator think the country would be satisfied with this result of unification? It offers but a partial release from our heavy annual railway deficits. It, I believe, is the best we can hope for under the plan, as I think we can take Sir Edward Beatty's estimate of savings to be the maximum obtainable under almost any conditions.

It is always difficult to make a complete and correct analysis of any balance sheet unless you make the balance sheet yourself.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. McRAE: A casual review of the balance sheet of the Canadian Pacific for last year would indicate that assets aggregating about \$150,000,000, with earnings of \$7,363,000, are quite separate from the railway, and are not a part of the unification proposal. The unified plan applies only to the Canadian Pacific lines in Canada and does not include ocean and coastal steamships, miscellaneous investments, mortgages, insurance fund investment, deferred payments on lands and town-sites, and unsold lands and other properties, all of which we should not be far afield in estimating at \$150,000,000. It does not appear that the proposal includes the current assets of the company, being largely its working capital, aggregating about \$50,000,000.

As an instance of the difficulty in arriving at a fair conclusion as to the balance sheet, I might mention the share holdings of the Canadian Pacific Railway in the Consolidated Mining and Smelting Company. On page 29 of the railway's report for last year will be found reference to the Consolidated Mining and Smelting holdings, under the heading "Par value or principal amount." Here you find this investment carried on the books of the railway at \$8,412,500. It is generally understood that the Canadian Pacific controls this great mining corporation. By reference to the dividends received for 1938 as compared with the previous year, which are shown on

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page 7 of the report, under the heading "Other income," the exact shareholdings of the Canadian Pacific can be arrived at. These figures disclose that it owned 1,682,500 shares of Consolidated Mining and Smelting Company out of a total outstanding capital of 3,277,335 shares, or 51½ per cent of the issued capital. Taking the present market price of Consolidated Mining, as quoted on the Toronto Exchange last week, at \$40 a share, we find that the holdings of the Canadian Pacific in this company, while carried on the books at \$8,412,500, have a market value of \$67,000,000. Here is a nice little reserve of about \$60,000,000 put away for a rainy day. It furnishes a very definite answer to those who say that the Canadian Pacific cannot carry on.

In fairness to the Canadian Pacific let me say, I quite appreciate that while these assets were acquired from the earnings of the railway, they are quite aside from the railway operation itself. The company's proposal is to put into the unified railway corporation only the railway itself, to correspond with the property which the National Railways could place under unification. As a matter of fact, the unification proposal includes only the Canadian lines of the Canadian Pacific Railway. The operation of them undoubtedly shows a deficit.

It will be observed, on page 7 of the Canadian Pacific Railway's annual report for last year, that income other than from railways aggregated \$7,363,000, after depreciation, etc.—a decrease from \$11,629,713 in 1937. If in order to arrive at the actual results of the Canadian Pacific Railway as an operating unit we eliminate this \$7,363,000 from the earnings and deduct the net surplus of \$1,262,000 for the year, as shown on page 4, it is but fair to assume that on the railway operations alone there was a deficit of roughly \$6,000,000. This might be slightly affected by earnings, if any, on Canadian Pacific hotels, details of which are not disclosed in the annual statement, although they would form a part of unification. Honourable senators will appreciate that because of the limited information available my deductions may be slightly incorrect, but they will be sufficiently accurate for our consideration.

I may say to the House that I do not think the statements of either of our railway systems present a true picture such as would be disclosed by a business institution which was desirous of safeguarding future annual statements of the company. I have long felt that under the extreme necessity of reducing deficits and putting on the best financial face possible our railways have not made ample

provision for depreciation. And in no instance have they made any provision for obsolescence, a process of devaluation of assets of railways which is travelling at a very rapid pace today, and which, if given due consideration, would present a very much more unfavourable picture than the deficits now disclose.

I think I have said enough on the unification plan to show that if we are ever to consider unification, and if the public are expected ever to approve of it, a much more complete and detailed proposal must be offered than the one which was placed before the committee. It was certainly a skeleton proposal which we were expected to approve, and so far as I was concerned it was too limited for me to pass judgment upon it. In any event, the Government would have to use the greatest care and go into details fully before committing the country to any partnership of the nature proposed.

Now I come to voluntary co-operation. Six years' effort to attain voluntary co-operation between our two railway systems has proved that it is impracticable and impossible. Six years ago I spoke and voted against the legislation brought down by the Bennett Government with this object in view. I expressed my lack of confidence as forcibly as I could when the Act under which our railways are still endeavouring to co-operate was brought in by the present Government.

We have had both railways before Senate committees at least three times, I think, in the last five years. Every effort has been made, so far as Parliament is concerned, to press our railways to get results. What are the facts? Annual savings to date aggregate only \$860,000 for both roads. Evidence showed that if all matters considered up to date and agreed to were approved by the Transport Board the total savings would be somewhat less than \$2,000,000 a year for both roads, or, roughly, \$1,000,000 for each system. These savings are before compensation to displaced labour, as recently authorized by legislation, is deducted.

Surely nothing more is necessary to show the hopelessness of this effort of co-operation, the savings from which are a trifle compared with the increase in deficits. After five years' pressure from Senate committees and by the Government, backed up by public opinion, in an attempt to get our railways to co-operate on savings and on avoidance of duplication, the result obtained for our National Railways at the moment is less than one per cent of their annual deficit. If any member of our committee still has any hope for successful voluntary co-operation, I should consider him among the world's greatest optimists. I say to this honourable House that the system

of voluntary co-operation promises no solution of our railway problem. You might as well try to mix oil and water as try to get our two competing systems to co-operate voluntarily. That method will never produce any substantial savings. It just cannot.

We had very little evidence this year with regard to compulsory co-operation. I think that plan is generally regarded as unwise, as it would interfere with the rights of the private company and might well place on the Government and the Parliament of Canada an implied responsibility for any unfortunate development in the affairs of the private company resulting from legislation by Parliament. It is conceivable it might result in the country having to take over the Canadian Pacific. In the end it would certainly force amalgamation, perhaps on a basis not favourable to Canada.

I need hardly remind the House that we attempted by legislation to enforce a fair settlement with the Grand Trunk Railway instead of allowing matters to follow their natural course. In liquidation the country would undoubtedly have bought in the railway at much less than we paid for it, and we should then have had no complaints from shareholders. They understand that procedure. But with the object of being eminently fair and avoiding complications, legislation was passed referring the matter to arbitration, with the result that the Government took over the guaranteed stock and debenture stock of that railway, some \$216,000,000. The common as well as the first, second and third preferred shares, aggregating \$180,000,000, were washed out. As these shares came after the guarantee by the Grand Trunk in connection with their Grand Trunk Pacific venture, totalling, as I remember, something over \$70,000,000, there was not the slightest equity in the shares, which the arbitration held to be valueless. In the usual course of events, that is, bankruptcy, the Grand Trunk shareholders would never have received anything for these shares. Yet what do we find? Twenty years later the holders of the preference shares, which at the time of the arbitration had a nominal value on the British market, contend that their shares were confiscated by Act of Parliament. That feeling—and there is some ground for it in the fact just stated—will not down. Agitation still continues. I am sure the affair has been very injurious to Canada's credit in Great Britain, where it is referred to very often by investors.

I quote this instance simply to show good ground for my fear of similar reaction in Great Britain on any compulsory co-operation plan that Parliament may see fit to put into

effect by legislation compelling the Canadian Pacific to make changes in its system which its board of directors do not approve as being in the interest of the company. We should go very slow indeed in forcing co-operation unless we are prepared to provoke criticism in Great Britain much louder and more serious than even the complaint of the Grand Trunk shareholders, which would be as the bleat of a sheep compared to the roar of a lion.

To accept complacently the deficits of our National Railways, as in fact we have been doing for nearly ten years, is simply inviting bankruptcy for the Dominion.

I will not duplicate the figures, which I am sure other speakers will give you in detail, more than to say that I should like to point out the fact that, including capital invested, Government guarantees, interest paid and deficits, the total cost to the Dominion of its railway venture is said to exceed \$3,300,000,000. This is \$200,000,000 greater than the national debt of Canada, which stands at \$3,100,000,000. What a happy position we should be in to-day if the country had kept out of this unfortunate business from the start—provided, of course, that we had saved the money and not thrown it away on some equally improvident venture.

In the face of annual deficits of over \$50,000,000 a year, with little or no hope of improvement, the situation is rapidly becoming intolerable. It cannot continue if Canada is to remain solvent. It is amazing that such a large percentage of our population fail to appreciate the situation or concern themselves about it.

The cost of government ownership to date well justifies the fear that disturbs the minds of many thinking Canadians to-day. They prefer to try unification, the other avenue which promises escape from at least a part of the present railway burden. I share with them their grave fears and distrust of government ownership as it stands to-day. Our record in that regard speaks for itself.

However, we must recognize the fact that the great majority of our citizens would not now agree to unification. The only consolidation of our railways the public will at this moment entertain, believe it or not, is government ownership. They fear anything resembling private monopoly, particularly in the West, where it proved so burdensome about thirty or thirty-five years ago. It is still remembered, and doubtless accounts in no small part for the hostility to unification as proposed. Labour, fearful of the curtailment of employment which would result, is also a powerful influence against consolidation.

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The public have yet to be convinced that the present situation cannot continue. They are not impressed by the findings of parliamentary committees, which they believe are influenced either by party politics or by the private railway. Nor are they impressed by speeches of members of either House of Parliament with which the public's preconceived opinions do not agree; and much less by the proposals or speeches of interested parties. Some method of obtaining for the public's enlightenment, from an authority removed from political or railway influence, an opinion on our railway situation in which they will have confidence, is, I believe, absolutely necessary if we are to make progress in the solution of our railway deficits. Hence the suggestion in my proposal for a board of three judges whose findings on our entire railway problem would carry weight with the country.

I know we have had a number of commissions whose reports are available, and I can appreciate the dislike many honourable members may have to further reports along this line. However, the latest inquiry of this kind is now seven years old. The railway situation has grown much more binding in the meantime.

Committees of your honourable House, during the last five years, have made several inquiries, ending recently with a two-year effort by your Special Railway Committee. And where have we arrived? What have we accomplished? The speech of the leader on this side (Right Hon. Mr. Meighen), I predict, will show clearly, as did the speech of the leader of the Government (Hon. Mr. Dandurand), that we have accomplished very little in getting results. I am quite sure that unless the House takes definite action in the matter we shall end up a year hence practically where we are to-day, but with the added deficit for another year. If we permit the situation to drift along for another ten years, we may expect to add another half billion dollars to our national debt in taking care of our railway deficits, not to mention the new capital requirements to which I have already referred.

It is said that a board of judges would not know anything about railways. The same thing might be said about any case which comes before the courts. Judges do not personally know every business which comes before them, yet their judgments are sought, are generally correct, and almost unanimously accepted by the public. So why not in this instance? Not only have I the highest respect for my honoured leader, but I have also the

greatest confidence in his judgment. I consider him one of the ablest men it has ever been my privilege to know. In this instance, however, I can only reconcile his recommendation for the appointment of a firm of chartered accountants and engineers with the fact that his legal mind impels him to get to the bottom of all disputes and obtain the correct answers. The precision with which he deals with the daily routine of this honourable House is indicative of his desires with respect to the subject-matter. We all know large savings can be made from consolidation of our railways. Whether the Canadian Pacific or the Canadian National is correct in its estimate of savings is not material. Midway between these two estimates might be a reasonable judgment, and for the point at issue that should suffice.

Why employ that unusual firm of chartered accountants and engineers? I have had much experience with both classes. They are difficult enough divided. With both in one firm, I should anticipate the difficulties would be greatly increased. Picture them in our committee next session defending their report against the men in one or both railways who know the particular branch of the railway work in dispute. Arguments which we have listened to for the past two years would be doubly confounded, and in the end the firm's report would doubtless be pretty well discredited. I do not know that a competent, independent—and I emphasize "independent"—firm of engineers and accountants could be found. The chances are they would be unacceptable to one of the railways at least, and I fear that a year or two hence the public would still cry party politics versus Canadian Pacific, or vice versa. After all, that substantial savings in operating costs would be effected under any plan of consolidation is not open to serious question, and, at best, operating costs are but a part of the problem of amalgamation.

I was much impressed with the use of the word "firm" in the motion of my right honourable leader, with reference to an unusual partnership. I regret that owing to my lack of knowledge of parliamentary technique I called my three judges a "board," which, I am told, means another royal commission. It seems to me the work of my board of judges would include the work of the firm, and would also include a report to the Government on our entire railway problem. Perhaps it is the high standing of my proposed board that necessitates the fitting term "royal commission." If so, that is all right with me.

I submit, honourable members, that such a report to the Government, available at the next session, might start us on the way to definite action. Time is certainly an essence

in this matter, and I am anxious that we make progress towards a solution. And may I repeat, in support of my proposal for a firm of judges—excuse me—I mean a board of judges—that their report would convince the Canadian people, and there would be no opportunity for arguments from the opposing railway camps. Furthermore, it seems to me that the advocates of unification, if they have as much confidence in their cause as their advocacy implies, should have no hesitation in joining me in my recommendation for the highest court the Government can appoint to review this entire matter.

I could not see in the motion of my right honourable leader anything but a rehearsal of the evidence which has been placed before us for the last two sessions, with the probability of our being as far away from the goal this time next year as we are to-day. For that reason I voted against it.

The honourable leader of the House (Hon. Mr. Dandurand) also disappointed me. For him I have the highest esteem,—yes, even more. I think I can count myself in with many members of the House when I say that my feelings are much more tender than the word "esteem" implies. We on this side of the House recognize his untiring energy. Every day, and many times a day, we get a thrill out of the cleverness he displays in protecting himself in the debates, which come, of course, more frequently from this side of the House. His cleverness in this respect is the result of his long and active career in public life. His kindness under all circumstances calls forth from everyone the hope he may continue with us for many years to come.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. McRAE: Just the same, I was disappointed when he did not adopt my proposal. He is always a man of action; so I thought it would appeal to him.

It would appear, so far as the committee is concerned, there is only one member who thinks along the same lines as I do: the honourable senator from Leeds (Hon. Mr. Hardy). At least we are both for action. We desire to get somewhere with this railway business. For that reason we voted against our leaders.

I can best state my opinion of the report of the committee now before you in the two-word military command, "carry on"—or perhaps "stand at ease" would be just as suitable. The sublime patience of the honourable leader of the House with voluntary co-operation, after six years of such negative results, would, I am sure, entitle him to challenge the reputation of Job, if that patient

man were to return to this troubled world. The divine faith which the honourable leader of the House has in the future of our National Railways is wonderful indeed, when we stop to consider last year's balance sheet and the evidence in the files of your committee. The tenderness with which he just touched that perilous thing, enforced co-operation, conveyed to me the impression that he fully appreciated the dangers that lurked behind its active application. Of course, enforced or compulsory co-operation never will be put into effect.

I may be short-sighted, but on careful examination I cannot see anything in the committee's report which is now before you. It promises nothing. If this honourable House accepts it, you may be assured that nothing will happen to disturb the present situation for another year at least. It is difficult to vote "content" for nothing; so I shall vote "non-content" when the committee's report comes up for approval.

Honourable senators may well ask me, after the remarks I have made so far, what I think will be the final solution of our railway problem. I am sometimes accused of taking too long-range a view of matters. I hope I am wrong in this instance, for I frankly say to you that, in my opinion, when the time comes that our railway situation forces the Canadian people to act, it will end—like it or not—in government ownership of railways. If that is to be avoided, public opinion will have to undergo a great change. It behooves those who are opposed to government ownership to lose no opportunity of placing their facts before the country in a way that will carry conviction. However, it is my considered opinion that government ownership of all our railways is inevitable. My conclusion as to government ownership is arrived at, principally, by recognition of two facts. The first is the fear of monopoly in the present proposal for unification. This I have already dealt with. The outstanding fact, however, is that private capital is no longer available for railway requirements. He would be a very foolish man who would invest his money in any steam-railway securities to-day. Any money required by our railways in the future, and it will be many millions of dollars, must come from the Federal Government. I do not believe the country will ever be prepared to advance such funds to a company which is half privately-owned. And I may say that if you have unification next year you can expect the unified companies to be at the door of Parliament asking for funds by way of guaranteed bonds or some-

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thing of that sort. In any event they will have to have money to carry on with, and Canada will have to provide it.

Hon. Mr. DANDURAND: And many millions would be needed to bring about unification.

Hon. Mr. McRAE: Many millions. The present enforced economies in our railways cannot continue indefinitely. New capital will be necessary soon, if it is not now, unless we are content to permit our railways to drift farther behind the times. The funds to meet these requirements can come from only one source, and that is the federal treasury. The sums required during the next ten years to rejuvenate our railways and bring them up to date will be very large indeed, more particularly if a really constructive consolidation is put into effect, one which would be in keeping with the times, and I fear that only dire necessity will bring the public to that frame of mind which will make possible the savings in operations we have been discussing.

To-day our citizens are generally for economy as long as it does not disturb their particular locality—as long as their ox is not gored. This position of our citizens throughout the country must change. They must be prepared to accept such inconvenience as the best interests of the country as a whole demand, provided they are not deprived of reasonable railway facilities.

The railway is a national institution which cannot be allowed to die. Canada must continue its railways to provide necessary transportation. If, after all economies are effected, there still remains a deficit on operation, as I fear will be the case, we shall have to assume this annual deficit, treating it as a subsidy to be paid by the Federal Government for the general good and well-being of our country as a whole.

Even if the solution be government ownership, I shall not lose all hope. Such a railway organization, with its army of employees, might well result in a government within a government, unless the organization were divorced from political domination as well as political interference. It should be within our power to devise ways and means to safeguard such an enterprise.

I am still hopeful of our democracy. I still have confidence in the ability of Canadians. I am proud to be a Canadian. It should be possible to find Canadians capable of managing a business of this magnitude and who, absolutely protected against political or outside interference or hindrance, would for patriotic reasons accept an appointment to the board of directors of our National Rail-

ways, knowing that their work would be for the general good of their fellow-citizens. If this is beyond the ability of our democratic government to arrange, then—God help Canada!—the day of the dictator is in sight.

I cannot close my remarks at this point. May I suggest to this honourable House what I think should be done if we are to survive the present high tide of public expenditures by the various governments in Canada, federal, provincial and municipal—expenditures which in the aggregate are adding at a tremendous rate to the public debt of our Dominion, now estimated at over eight billion dollars.

I sometimes think the agitation with regard to our railway deficits is overshadowing and obscuring the larger public expenditures, which apparently are leading only to further despair. Governments in Canada are spending in the aggregate probably \$150,000,000 a year on account of unemployment and relief, and there is practically nothing to show for this expenditure beyond a very marked deterioration in the moral status of our citizens. It has been stated that 200,000 young Canadians pass the age of 16 every year. It is reliably estimated that some 350,000 young Canadians between the ages of 18 and 30, most of whom have come to working age since the depression began in 1930, are to-day rotting on the doorstep of unemployment. What is more valuable to a country than the high standard of its citizenship? Even war cannot be more important, and, as honourable senators know, we should probably spend the greater part of a billion dollars in our first year at war. Many other issues of first magnitude confront us. Honourable members know them too well to require me to enumerate them.

We have appointed a number of boards during the last few years, but the most important of all is seldom if ever discussed. I refer to a National Planning Board. We continue the same old method of appropriating public moneys which was adopted at the time of Confederation. It is as out-of-date as the British North America Act itself. We appropriate for the immediate needs of the country without any fixed objective in view. We dawdle along, content with a hand-to-mouth policy, and without any fixed plan for the future. The citizen who lives only for the day is of little use to his country. The business man who does not look ahead, if you can call him a business man, soon comes to grief.

We have before us a very striking instance of the need of future planning in the estimates for this year. First, we have had the main estimates, secondly the supplementary estimates, and then the special supplementary estimates—three attempts which still do not include the millions since voted by Parliament.

A survey of the supplementary estimates shows that they, like the "gentle rain from Heaven," fall all over the country. They are mostly for public buildings, post offices, dredging, wharves, docks, and even drainage schemes. They bear the earmarks of the members of Parliament who, recognizing the demands of their electors, feel they must "bring home the bacon."

Canada should establish a Department of Works on the principle of the British Department of Works, which expends the sum voted by Parliament where it is most required, keeping the national interest in view. British members of Parliament have practically nothing to say about this expenditure. Such a department would not only get efficiency in our expenditure, but would relieve members of Parliament from much of the pressure from home to which they are now subjected, and would leave them more time to devote to the major issues before the country.

The Federal District Commission at Ottawa presents an ocular demonstration of planning ahead. From year to year, as the plan proceeds and the scheme unfolds, we all realize the advantage of this well-thought-out and consistent development which in the end will make our Capital City the beautiful city it should be.

This planning for the future is one leaf we might take out of the dictator's book. Russia started with a five-year plan; Germany next adopted a similar plan; Italy has been following along the same lines. These three nations have been making progress.

There is much need for a National Planning Board in Canada. Our system of government as it exists to-day leaves no time for the working out of a forward-looking policy, and provides no means of gaining public support of a programme hastily arrived at. A National Planning Board would be composed of a number of citizens, drawn from different parts of the country, who for patriotic reasons would be glad of the opportunity afforded them to give much of their time to national planning. They would take all national problems into their deliberations, in a programme covering at least five years. They would consider the avenues through which the capital required could be secured, and the question of taxation to raise the money. Their annual report and recommendation to the Government and Parliament should be invaluable. With a maximum tenure of office of ten years, and a replacement of one or two members each year, the work of this board would be continuous and would extend over the life of many parliaments—a very important consideration for continuous work. If it is the opinion of honourable senators that in

the present serious situation there are not enough competent patriotic citizens who are willing to devote their services to their country, in order to form such a board, and that it is impractical to expect their recommendations to be ever adopted by the Government of the day, then again I say, look out for the dictator!

Our railways would certainly form a part of national planning. In this connection I can visualize, eventually, one modernly equipped transcontinental line from sea to sea, with our other existing railways re-arranged, so far as practicable, as feeders to this main artery. These branches, too, would be gradually altered to conform with modern railway developments. It will readily be seen that in such a plan unification or private ownership can find no place. The present competitive transportation services could be co-ordinated with our National Railways, or be largely taken over by them. New roads also could be constructed with a view of serving our railways. In short, all our methods of transportation should be co-ordinated in the best interest of the Dominion.

This program, coupled with a national plan of road-building, would not only retain the tourist business we now enjoy, estimated at \$300,000,000 a year, but would, I believe, easily double it, perhaps treble it. The 130,000,000 too much sun-kissed Americans located south of our 3,500-mile boundary line promise a certain annual crop in the form of tourists, which will not be affected by the usual disappointments attributed to Providence. If we will but capitalize our opportunities this American tourist business can be built up to be one of our greatest sources of national income.

Some long-range plan such as I have suggested, with the employment it would create, and including the direct and collateral work which it would stimulate, should not only result in relieving the minds of our railway employees of the fear of consolidation, but should provide a means whereby we might hope to end unemployment to a large extent and remove the necessity for a continuation of the present dole. It would afford employment to the young men who are to-day praying for a chance to work. As to financing the effort, that problem must be solved. If we can provide a billion dollars for a war of destruction, we can surely finance in the same measure a well-considered program of reconstruction and national development.

Honourable senators, we are living in a new world. Except as to the basic principles—and even these we may have to modify to meet present needs—the way things were

done in the past is of very little value as a guide to us in the present situation. The world will never return to the basis which prevailed before the Great War. With our collective years of experience and, may I say, wisdom, our duty, as I see it, is to help guide the ship of State safely through the troublesome seas which lie ahead.

I have been one of those who believed in the two-party system of government. To-day we have rising in our midst a third party, a fourth party and several others. United, they would seriously challenge the stability of government in this Dominion. Their seeds of dissatisfaction, genuine but unsound, as they are, fall on very fertile ground at this time. If their sowing were to meet with success, we could expect to reap only a harvest of tares.

After fourteen years in Parliament I am forced to agree with the general opinion of the younger citizens of our country, that there is no fundamental difference, no difference of principle, between the two old parties, that is, between Liberals and Conservatives.

"In union is strength." The need for a strong government was never so urgent in Canada as it is to-day. Our national situation calls for the united support of all Canadians who have a stake in Canada, all Canadians who have the best interests of their country at heart.

Our situation in Canada is not as dark as it may look in the picture I have painted. The country in which we live, with its great undeveloped natural resources and sparse population, is the best country in the world. To-day Canada is attracting the attention of thousands of Europeans who are looking for a safe place for their capital and a safer place to live; a country where political and religious liberties prevail. Mass migration from the Old World is under way. So far it is largely emigration of capital, but industry and industrialists are beginning to follow their capital. They not only wish to keep an eye on their capital, but in a larger way they are seeking to build up their Old World industries in the New World, hoping to recapture the export markets formerly served from their factories in Europe.

South America, with its defaults and property seizures, has severely shaken European confidence and it is not our competitor. Canada alone stands out as a country which offers the greatest of opportunities with the assurance of freedom. The movement to Canada of industrialists, technicians and scientists, the best brains of Europe, is regarded by far-seeing men as of the highest importance. It is estimated that in excess of one hundred mil-

lion dollars in cash and securities have come to Canada from European countries in the last year. Thirteen million dollars in refugee gold arrived at Halifax last week in two shipments, one from Holland and the other from Belgium. Our Bank of Canada, I believe, is acting as storage agent for large amounts of refugee gold, which, of course, is not included in the bank's gold reserves. Some of this "hot" money would be withdrawn from Canada if the international situation improved. However, it is believed that most of the money will be permanently invested in Canadian bonds, mortgages, gold stocks and blue chip stocks, with gold stocks and blue chips attracting the larger part of investment funds. There is reason to believe that some of the owners of this capital are awaiting lower security prices before purchasing. A break in the market would afford them the opportunity to buy. The movement is only getting well under way. With proper encouragement and no improvement in the European situation, it should reach vast proportions in the next year or two. Stability in Canada is the best form of encouragement that we can offer.

Canada has before it an opportunity, such as it never heretofore enjoyed, for a development of business along all lines. A development of this nature would soon solve the unemployment problem. Improvement in business is the only permanent solution of unemployment. Government expenditures, great though they may be, are but a feeble effort compared with an improved business turnover.

Right Hon. Mr. MEIGHEN: Hear, hear.

Hon. Mr. McRAE: I believe we should lose no time in laying plans to encourage and profit by the flight of capital and brains from the Old World. Hence the immediate need for a strong government and long-range planning if we are to capitalize the situation which is now before us. Are we Canadians big enough and able enough to take advantage of this opportunity to save and to make Canada?

In furtherance of my plea for united action by this honourable House, I close my remarks with the immortal words of General Grant: "Let us have peace."

Hon. A. C. HARDY: Honourable senators, I am very glad to have the opportunity of following the honourable gentleman from Vancouver (Hon. Mr. McRae), because it seems to me we are the only two who dissent from our colleagues on the Special Railway Committee. But my remarks will be brief, for I do not intend to repeat what has already been said. The report presented by the honourable leader of the Government (Hon.

Mr. Dandurand) contains a complete and fair digest of evidence given before the committee, so far as it could be stated in such a narrow space, and I would say the same thing of the report which has been moved in amendment by the honourable gentleman from Montarville (Hon. Mr. Beaubien). But I feel that since the committee sat during two sessions, and the honourable senator from Vancouver and I are the only two members whose views seem to run along the same lines—although our views do not run parallel the whole way—I should not be fair to myself if I did not give a short explanation of the position I have taken and intend to take.

I am not able to agree with the report recommended by the honourable leader of the Government (Hon. Mr. Dandurand), because it does not contain what I think a report of this kind should contain: a clear-cut, concrete and unequivocal recommendation to the Senate. I cannot see any real value in a report which omits such a recommendation. That omission is what I find fault with. I am quite in favour of the report in its general principles, that is, in its opposition to unification and its advocacy of co-operation; but, because it lacks the recommendation I have referred to, I am unable to support it and, if I am present, I shall vote against it.

Neither am I able to agree with the report brought in as an amendment by the honourable gentleman from Montarville (Hon. Mr. Beaubien). It is frankly in favour of unification. I need not go into that report, because it has been dealt with pretty fully already, and undoubtedly more will be said in support of it by other honourable members.

I feel that both railways are guilty of dereliction in a duty which lies very clearly before them. In 1933 we passed an Act providing machinery for setting up an arbitral board to effect compulsory or semi-compulsory arbitration. Evidence given before the committee seemed to show that the Canadian Pacific took every opportunity of evading an appeal to this board. I do not know whether it can be said that company was the only offender in this respect. I do not think it was, for in my opinion the Canadian National was equally negligent in not having invoked the machinery of the law, as it was so clearly within its power to do, and brought the Canadian Pacific before this board. They should have invoked that law—

Hon. Mr. DANDURAND: I said so.

Hon. Mr. HARDY: —and had compulsory arbitration put into effect. In failing to do that the Canadian National was as guilty as

the Canadian Pacific was in opposing cooperation to a much larger degree than favouring it.

It does seem to me that there is a perversity running through our whole structure in connection with the railways. Last session we passed the Transport Act, and I remember very distinctly that when the measure was under consideration in another place the Minister expressed himself very plainly to the effect that the provision for agreed charges as between railways and shippers constituted the most important section of the measure. What has happened in connection with that provision? Within the last few days information has come to me that a short time ago one of the railways, if not both, had made an arrangement for agreed charges with a large shipper. The agreement must have been satisfactory to the shipper, because application for approval was made to the Transport Board. One of the terms was that the agreement should last for three years. Incredible as it seems, the Board refused to give its approval unless the term were reduced to one year. Any schoolboy would realize that no concern which has been engaged in making large shipments in a certain way for many years is going to agree to change its whole policy just for a period of one year. I cannot understand how men placed in such high positions as members of the Board of Transport Commissioners are would be so perverse as to rule that such an agreement should not be made effective for longer than one year. It seems to me there is a tendency to upset every attempt to handle our railways successfully. I may say in extenuation of the action of the Transport Board that shortly afterwards the railway and the shipper asked for reconsideration of their agreement, and got it. I have not been able to find out how long the agreement is to run, but apparently it was satisfactory, as it was accepted by both parties. I refer to the case only as an example of the perversity that obstructs our railways in almost every direction.

I shall not discuss the railway question any further. As I have said, the honourable senator from Vancouver (Hon. Mr. McRae) and myself are the only two members of the committee not adhering strictly to party lines. I believe, however, that all the members of the committee have acted in good faith, regardless of party lines. I give them credit for it, and ask that I be given similar credit. I know that those composing a very small minority are never popular, but I feel that in dealing with the railway question we should not allow party feeling to influence us

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in the slightest degree. I appeal to honourable members not to be guided by party lines.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. HARDY: I do not think that a decision along party lines would be a good thing for the Senate; neither would it be for the country nor for the railways. We should all stand on our own feet and be honest with ourselves when we vote on this question.

Hon. H. H. HORSEY: Honourable senators, as a member of our Special Railway Committee I desire to make a few comments on the report presented by my honourable leader (Hon. Mr. Dandurand) and that contained in the amendment moved by the honourable member from Montarville (Hon. Mr. Beaubien). At the outset I should like to congratulate the mover of the amendment on his very impressive and eloquent speech, though I must tell him that he did not convince me of the soundness of his argument in favour of unified management. Indeed, I fear that if unification leads to amalgamation our railway situation will become far more serious and a still greater burden will be cast upon the people.

The honourable member from Vancouver (Hon. Mr. McRae) gave us an exhaustive address in which he covered considerable ground, and, as well, a good deal of geography. I followed him attentively, but I still cannot understand why he is in favour of government ownership and at the same time proposes the appointment of a commission of judges. To my mind government ownership of all our railways would be fraught with the greatest danger, and I am confident the country would be very loath to see it consummated.

Right Hon. Mr. MEIGHEN: Hear, hear.

Hon. Mr. HORSEY: Two things above all others we must avoid: railway monopoly under private ownership; government ownership of all our railways.

As the honourable member from Montarville said, there are certain matters with respect to which the committee was unanimous: first, that we are faced with a serious railway situation; and, second, that we should seek the best means of relieving the taxpayer of the burden of recurring railway deficits. We are also, I take it, in agreement that the identity of both railway properties should be preserved.

Then comes the basic disagreement between the proposals contained in the two reports. We who support the main report feel that

in order to keep the two railway systems separate we must have separate management. It is inconsistent to say that we will keep the two properties separate and at the same time to propose unified management. It is suggested that unified operation should be under the control of a board of fifteen directors, five to be selected by the Government or by the Canadian National, five by the Canadian Pacific, and the remaining five by the directors already chosen, or by some other appropriate method. Therein I see the difficulty of keeping the properties separate. When Sir Edward Beatty appeared before the committee he was asked, "If under unification considerable economies were effected, would it not result in the two properties being gradually merged?" "Well," he said, "within a space of ten years the properties would be so merged that it would be practically impossible to unscramble them, but to unscramble them would absorb all the savings that had been made during the ten years of unification."

I want to direct the attention of honourable senators to what the honourable member from Montarville has termed the alternative report. What I wish to refer to will be found in the proceedings of our committee at page 468. Before I deal with this report, in which, no doubt, the right honourable leader opposite (Right Hon. Mr. Meighen) had the largest share, although other members endorsed it—

Hon. Mr. HAIG: I question that.

Hon. Mr. HORSEY: You do?

Hon. Mr. HAIG: I certainly do.

Hon. Mr. HORSEY: I thought the honourable gentleman would be willing to take his ninth share of the credit for the report.

Hon. Mr. DANDURAND: You mean the minority report?

Hon. Mr. HORSEY: Yes.

Hon. Mr. BEAUBIEN: The alternative report.

Hon. Mr. DANDURAND: The amendment?

Hon. Mr. BEAUBIEN: Yes. There is no minority report.

Hon. Mr. HORSEY: I could have no higher regard for the ability of any honourable gentleman than I have for that of the right honourable leader opposite. Frequently throughout the session I find myself in agreement with him. If he were not in his seat I might say something further of my admiration for him. Let me add, however, that in my opinion he is one of our greatest parliamentarians since Confederation.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. HORSEY: But I must say that on this occasion I do not find myself in agreement with the report which he presented to our Railway Committee as the leader of the party opposite.

Now I ask honourable members to turn to page 468. I intend to quote a passage near the bottom of the page to show the dangers of unification, felt apparently by the honourable gentlemen who signed this report. Near the middle of paragraph 4 I find the following:

To ensure the full conservation of every essential public interest and public service, and to safeguard the interests of Canada, the undersigned recommend insistence on the conditions enumerated below in respect of any system of unified management which may be worked out.

They would not have any without these conditions.

The undermentioned stipulations are not advanced with any thought that they are all-inclusive.

They are willing to give more—as many as you like.

We believe, however, that conditions in Canada, both as affecting the Dominion on the one hand, and as affecting the Canadian Pacific Railway Company on the other, are such that all necessary and reasonable provisions can be arrived at and agreed upon. The following objectives should be secured:

i. There should be no obligation, legal or moral, implied or expressed, whereby the country assumes any liability in respect of Canadian Pacific obligations or securities, either as to capital or interest.

It will be observed that of these eight stipulations there is not one which says, "We are going to protect the Canadian Pacific Railway." Every protection is promised to the Canadian National Railways if they will only come under unification.

Let us take the next objective:

ii. Any plan of unified management adopted should be such that the resulting operation can in no sense be dominated by the Canadian Pacific Railway Company.

I turn to the eight dangers which the signatories of this report have set out with regard to unification or amalgamation. They know the public appreciate the dangers inherent in unification, and they say, "We will give you all the stipulations that you want." But what does a contract like that mean to a business man? It means the Canadian National Railways would be holding a bag of stipulations, and the Canadian Pacific Railway would be holding the control, management and operation of the amalgamated railways. That is all I can see in these clauses. Why should there be all these safeguards for the Canadian National Railways and none for the Canadian Pacific?

Right Hon. Mr. MEIGHEN: I think there are some.

Hon. Mr. HORSEY: I cannot find them. There are two or three that are common to both.

Right Hon. Mr. MEIGHEN: Yes.

Hon. Mr. HORSEY: Take number 5.

New capital investments, limited as they will be to joint requirements, should be provided for on a basis of definite and individual responsibility for respective shares of the capital on the part of the Canadian National (or of the Dominion of Canada), on the one hand, and of the Canadian Pacific Railway Company on the other hand.

Right Hon. Mr. MEIGHEN: That applies equally to both; it equally protects both.

Hon. Mr. HORSEY: Yes, it does, if they can work it out.

Right Hon. Mr. MEIGHEN: You are saying there is nothing here for the Canadian Pacific Railway.

Hon. Mr. HORSEY: Yes. That is put in as a protective clause for the Canadian National Railways.

Right Hon. Mr. MEIGHEN: But honourable members realize that in acting for the people of Canada we should not likely be speaking in advance as to what would be necessary and right for the Canadian Pacific Railway. The company will look after that.

Hon. Mr. HORSEY: Of course it will.

Right Hon. Mr. MEIGHEN: But this and other safeguards are required for the people of Canada. What is wrong about that?

Hon. Mr. HORSEY: I term them "the dangers of unification." The report starts out by saying that any system of unification must be founded on these stipulations and safeguards for the Canadian National.

Right Hon. Mr. MEIGHEN: For the country.

Hon. Mr. HORSEY: For the Canadian National. Take the one I have just read:

New capital investments, limited as they will be to joint requirements, should be provided for on a basis of definite and individual responsibility.

The Government will be responsible for a part and the Canadian Pacific for the other part. Suppose the sum of \$12,000,000 is required—\$6,000,000 from each. How is the money going to be raised on the individual responsibility of each?

Right Hon. Mr. MEIGHEN: I do not know why it should not be.

Hon. Mr. HORSEY.

Hon. Mr. HORSEY: The Government can raise the money at a much lower rate than the Canadian Pacific can. The equality would end there.

Right Hon. Mr. MEIGHEN: That would be the railway's misfortune.

Hon. Mr. HORSEY: It might not be able to get it at all, though I think it could. All I want to point out is that these thoughts as to the dangers of unification or amalgamation were running through the minds of the members of the committee, and are expressed in the report.

Right Hon. Mr. MEIGHEN: Perhaps the honourable gentleman would tell us what he thinks should be inserted on behalf of the Canadian Pacific Railway.

Hon. Mr. HORSEY: One thing that I think might be put in is a provision that in the expenditure of huge sums of money the Canadian National should be controlled in its use of the public purse.

Right Hon. Mr. MEIGHEN: That is of the essence of unified management.

Hon. Mr. HORSEY: I do not think it is. However, I just wanted to make that one point. It seemed to me peculiar that all these objections to and dangers of unification should be brought forward.

Those who stand for unification of management say, "Oh, but we tried separate management and separate entities under co-operation, and after five or six years co-operation has dismally failed." I listened patiently while the evidence was being given by the officials of both railways in the committee. We heard evidence about the joint study committee, about the joint co-operative committee and the joint executive committee. They were not getting anywhere. I tried to discover why it was. I can perhaps explain what I mean by an illustration. I would compare the situation of the railways to that of a married couple who have fallen out of love, but have made up their minds that the public shall never know it. The wife sits at one end of the table with her guests, and acts most amiably towards her husband; the husband behaves in the most gallant and devoted way towards his wife; but both know it is dead work. The two railway managements were wed, so to speak, by the Canadian National-Canadian Pacific Act. They promised faithfully to co-operate. But what was the trouble? One of the parties fell in love with unification—

Some Hon. SENATORS: Oh, oh.

Hon. Mr. HORSEY:—and whilst they were smiling at each other and going through the motions and forms of co-operation, when it came to the matter of any serious saving it was dead work.

Right Hon. Mr. MEIGHEN: Like the Montreal terminal.

Hon. Mr. HORSEY: Unification is what killed co-operation. I am firmly convinced of that. So what we have to get rid of is unification, and if this committee can help in that direction we shall have co-operation with a will, and are likely to get some decent results.

The main report shows that in 1937 conditions were very different from those in 1930 or 1931. The Canadian Pacific Railway was prosperous financially and was paying its common and preferred dividends.

Hon. Mr. CALDER: In 1937?

Hon. Mr. HORSEY: In 1931.

Hon. Mr. CALDER: It paid half the dividends.

Hon. Mr. HORSEY: Now the dividends have been passed altogether, and the condition is such that, if we can once get the nigger out of the woodpile, the Canadian Pacific Railway will have to co-operate with a will. The hint of unification is what has been damning the whole affair. If there had been no propaganda for unification we should have had, I submit, a real trial of co-operation. If it had failed then, I should have been one of the first to reject it. Now, in order to reduce deficits, the Canadian National Railways must begin to co-operate. As my honoured leader has said, if they do not do so voluntarily—and I believe they will if we can get this—

An Hon. SENATOR: Devil!

Some Hon. SENATORS: Oh, oh.

Hon. Mr. HORSEY: You are quite right. If we can get this nigger out of the woodpile, then we shall be successful.

The majority report that has been submitted to this House has the definite support of the Duff Commission. And what sort of commission was that? It was headed by the Chief Justice of the Supreme Court of Canada; it had on it two very eminent railway men, one from England and one from the United States; also that great financier from Toronto, Sir Joseph Flavelle, who passed away recently, and Mr. Beaudry Leman, and men of that type. They went exhaustively into not only the railway situation, but the whole transportation system of Canada since the beginning of its history. No other commission ever studied the whole situation as exhaustively

as this one did. It visited every province and interviewed the premiers and the transportation men. It dealt with water transportation, highway transportation, railway transportation and transportation by air. It heard representations from all the leading associations of the country and from individuals who wished to appear before it, and after a careful study of the evidence it came to certain conclusions. One conclusion it reached was that there should be no amalgamation, no unification; that the people would not stand for it. It decided that the railways must be treated fairly and justly, but that they must co-operate. It set up machinery by which, if the railways could not agree, matters could be settled and adjusted. So behind this committee report there is the authority of that commission. No matter how industrious the members of the committee may have been—and I believe they were regular in their attendance and gave every attention they possibly could to the study of this matter—it does not seem to me that without the assistance of railway men it could go into the matter as exhaustively as the Duff Commission did. Are we to make what that commission did of no effect?

After listening to the evidence in the committee and after reading the Duff report I am absolutely convinced that in the solution of this railway problem the two properties should be kept separate. That is the milk in the coco-nut. The thing to avoid is the danger of amalgamation; and the stipulations to which I have referred would be useless, of course, once the roads began to come together and fuse. We know that the end would be domination of the amalgamated roads by the Canadian Pacific. And the people of Canada do not intend to hand over their railway even to a company which is so well operated as the Canadian Pacific is. I have not the slightest animosity towards that company, nor the slightest preference for the Canadian National. I am not interested to the extent of a dollar in either company. I have the highest regard for the Canadian Pacific Railway; I admire it for what it has done ever since it was established, for the way it has helped to develop our country's resources and for the well-deserved reputation it has had all over the world. It is a great company, and it has done very much to make Canada known everywhere.

I want to call honourable members' attention to that part of the committee's report which deals with the danger of monopoly. That is in section 4 on page 461 of the printed proceedings. It seemed to me that the honourable senator from Montarville (Hon. Mr. Beaubien) treated monopoly as

though it were a quite harmless thing, which needed only to have its fur rubbed a little to be satisfactory to everybody. I think he was greatly exaggerating when he said that 95 per cent of our people are served by a railway monopoly now. To my mind that does not hold true of Ontario and Quebec, though it may be so of parts of the West. He also compared a railway monopoly with certain monopolies which exist in nearly every city for the supply of electricity, gas, and so on. But surely it is altogether unreasonable to compare such things with a monopoly which would give a few men control over the huge properties of our two railway systems, as well as over hundreds of thousands of employees throughout Canada, and thereby indirect control over hundreds of thousands of those employees' relatives, distributed throughout all the ridings of the country. As to the danger from monopolies I am sure the people of Canada will never forget what happened in Manitoba after 1888, or thereabouts, when the Canadian Pacific was given a guarantee that no railway should be built south of its line to the United States border, and was granted immunity from freight regulations until earnings reached 10 per cent of its capital.

Next I want to refer to the Canadian Pacific's estimate of \$75,000,000 of savings under unified management. It seems to me that estimate was greatly exaggerated. The company was ably represented by its officers before our committee, but they were unable to justify that figure. We members of the committee felt that fairly large savings would be possible under unification, but we were not technically equipped to come to a decision upon that point. The main basis of the company's calculation was the saving in train and car mileage which it was said would result from amalgamating light traffic lines, and so on, and savings on maintenance and other things were computed to accord with this basis. But the Canadian National contended that the estimate of reduction in train and car mileage was wrong, and the Canadian Pacific representatives were asked to state specifically how the estimate was arrived at. They refused to do so, they side-stepped, on the ground that if the information were given it would cause considerable disturbance and lead to unfavourable public reaction in certain parts of the country. Perhaps they could have given details had they so desired, but the fact is that they did not.

It looks like pretty good propaganda to state in the press and over the radio that \$75,000,000 could be saved by unification. When the ordinary man hears or reads that,

Hon. Mr. HORSEY.

he wants to know why unification is not made effective at once. But I say to honourable members that this estimate was not supported by the evidence given before our committee. Members of the committee had not the technical qualifications to judge from the evidence what savings were possible, but my guess would be that perhaps from one-third to one-half of the Canadian Pacific's estimate, at the utmost, could be saved by unification.

I do not take quite so pessimistic a view of the future of our railways as some people do. For a number of years we have been living in unstable times. Ever since the Great War nationalism has run riot throughout the world, and international trade has been on the decrease. But surely we do not think that kind of thing will continue forever.

Hon. Mr. HAIG: It will not end in my honourable friend's lifetime.

Hon. Mr. HORSEY: And surely we do not feel that Canada is going to stand still from now on, or that it will go backward instead of forward. We must believe that eventually the international skies will clear and that trade will revert to a normal condition. In time to come we shall have a larger population in this country, and that will mean more business. Transportation services will share in that increased business, and the railways will be among those services receiving greater revenues.

The provision for agreed charges which we passed in the Transport Act last session will be a very valuable aid towards increasing railway receipts. And we must remember that highway competition is not quite so black as it has been painted. Evidence was given before the committee that on long hauls it is from two to three times as cheap to ship freight over steel rails as on rubber tires. It is true that there is a chaotic condition at present. Motor traffic is in some respects unregulated; drivers are required to work long hours and are paid very low wages. But surely the time will come when the wise men of the Dominion and of the different provinces will settle the constitutional problem which is partly responsible for the present lack of regulation of trucks and buses. When proper regulation is made effective, large revenues will be diverted to the railways.

And I believe that very substantial savings could be made by voluntary co-operation. At one time I was in favour of putting some teeth into the law to make co-operation compulsory, but I do not feel strongly about that now. My present view is that compulsory co-operation will not be necessary, though I

should favour it if I were convinced that it would be necessary. It is only natural, perhaps, for Canadian Pacific officials to believe that unification of the railways would result in very extensive savings. It is my firm opinion that in time the difficulties I have mentioned will be overcome, that eventually the railway problem will be solved, that our taxpayers will be relieved of much if not all of their present burden on account of railway deficits, and that investors in Canadian Pacific Railway securities will come into their own, as they deserve to do.

Hon. W. A. BUCHANAN: Honourable senators, no matter what recommendation may be adopted by this House, I think we are all agreed that the special committee appointed to inquire into railway conditions has rendered a very useful service. I feel that the country at large, as a result of the work of that committee, is more familiar with the railway situation than would otherwise have been the case. After I listened to the evidence in the early stages of the sittings of our committee a year ago I felt that no serious, determined attempt had been made to carry out what had been recommended by the Duff Commission—co-operation between the two great transportation systems.

In that connection I would say that I do not believe the country will accept the policy of unification until it is satisfied that a serious attempt has been made to solve the railway problem through co-operation. If the people are satisfied that it is impossible to effect substantial economies through co-operation, they may be more inclined towards taking a step in the nature of unification or amalgamation.

I am strongly influenced by the findings of the Duff Commission. That commission was composed of representative men from this country, from the United States and from Great Britain. It was an impartial tribunal, not influenced by Canadian political considerations. It listened to evidence from representatives of both railway systems, and it travelled throughout Canada, saw the railroads in operation, and appreciated what they meant to the life of this country. Estimates of economies under co-operation and under unification were presented by the presidents of the two railway systems. Sir Edward Beatty assured the commission of much greater savings by amalgamation than were estimated in evidence before our special committee. In the case of the Canadian Pacific, it held the figure it submitted to the Duff Commission; in the case of the Canadian National the possibility of economies was greatly reduced.

The Canadian Pacific submitted to the Duff Commission estimated savings of from \$40,000,000 to \$75,000,000 under amalgamation. But the commission did not recommend amalgamation. Why did the Duff Commission not accept those figures and say that great economies would be possible only under amalgamation? I am satisfied that, having seen the railway situation of Canada as a whole, they realized that amalgamation was not the proper solution.

On the other hand, they did recommend that there should be an attempt at co-operation in order to bring about economies, and they suggested the methods. As a result we had the Canadian National-Canadian Pacific Act of 1933, which provided that co-operation should be carried on in a certain way.

I must confess that co-operation was not carried on in accordance with that legislation, for at no time was an arbitral tribunal invoked. I do not think the country will be satisfied until the provisions of that Act are fully tested in relation to co-operation. If it be a fact that under co-operation it is impossible to effect substantial economies by utilizing that legislation and by resorting to an arbitral tribunal in case of disagreement, then there may be a tendency on the part of the public to consider some other solution, probably that suggested by the right honourable leader on the other side of the House.

If it is possible to effect economies to the extent of \$75,000,000 through unification, why is it not possible to effect a major portion of those economies under co-operation by using the Canadian National-Canadian Pacific Act? There were possibilities of economies under co-operation that in my opinion should have been realized quite easily. For instance, each railway system has an express company and a telegraph company. If there were a determined desire for economy, there ought not to be very much difficulty in bringing into existence one telegraph and one express company for the service of both railway systems. But no serious effort has been made in that direction. The proposal was studied, but that was the end of it.

Now, I should like to submit a couple of questions which, it seems to me, those who advocate unification or amalgamation should be able to answer during the course of this debate, for I think the public want to know whether a solution of our railway problem is to be found in unification. The country knows there is a heavy bonded indebtedness of the Canadian National Railways. Would unification relieve the taxpayer in respect of that bonded indebtedness?

Hon. Mr. DANDURAND: No.

Hon. Mr. BUCHANAN: Would it help in any possible way?

Right Hon. Mr. GRAHAM: How could it?

Hon. Mr. BUCHANAN: Would the burden on the taxpayer be just as it is at present, whether or not there was unification? That is a question which the taxpayer would like to have answered. I desire also to submit this question: If through unification existing lines were put out of business and services reduced, would it not intensify competition from trucks and similar sources? I am inclined to think that it would, and that the trucks would be much more aggressive.

As to monopoly, I am going to make a confession. I live in a part of the country served wholly by one railroad. It has always been so served. If mine were the experience that Canada might have from the operation of one railroad system, I would say there is nothing very much to fear from monopoly. But then again I know I could not get a very warm reception for that point of view throughout the whole of Western Canada, because the people there still remember the time when they felt they were under a crushing railway monopoly. Therefore they have neither sympathy nor desire for one railroad service. They have long memories, and it may take some time to convince them that a railway monopoly would not harm them. At any rate, in any discussion on unification the question of monopoly is bound to be brought forward as a major point for consideration.

I do not wish to discuss the evidence or the figures submitted to our committee, for it would be merely rehashing a good deal of what has already been submitted to the House. I wish to say frankly that I believe every member of the committee was keenly interested in the railway problem and eager to find some way of helping to bring about a solution. We may differ in our respective viewpoints, but I feel very strongly that we should not go further at present than to make a thorough test of co-operation, and make it far more earnestly than it has been made up to the present time. Then, should it be demonstrated that co-operation cannot work, I am satisfied the people would treat more seriously the solution suggested by the members of the committee from the other side of the House, that is, unification.

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

PRIVATE BILL

SECOND AND THIRD READINGS

Bill 20, an Act respecting Central Finance Corporation and to change its name to House-

Hon. Mr. DANDURAND.

hold Finance Corporation of Canada.—Hon. Mr. Little.

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

THE SENATE

Thursday, May 25, 1939.

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

Prayers and routine proceedings.

CANADA GRAIN BILL

REPORT OF COMMITTEE

Hon. Mr. BLACK presented, and moved concurrence in, the report of the Standing Committee on Banking and Commerce on Bill 62, an Act to amend The Canada Grain Act.

The motion was agreed to.

MOTION FOR THIRD READING—DEBATE ADJOURNED

The Hon. the SPEAKER: When shall this Bill be read a third time?

Hon. Mr. MARSHALL: Now.

Hon. R. B. HORNER: Honourable senators, before this Bill is read a third time, I wish to move that section 46 be deleted from the Bill. This is the section which authorizes mixing.

I made my objections in the committee, but, as only a small number of members were present, I should like to say a few words here. This clause is not in the interest of the producer. I learned at lunch-time that it was bitterly opposed by four Government members in the committee of the House of Commons; and I am told by the former Minister of Agriculture that it upsets all the good work he was trying to do. He says there is another clause under which almost anything under Heaven can be accomplished.

What is proposed here is, I think, a step in the wrong direction. I therefore move, seconded by Hon. Mr. Aseltine, that section 46 be deleted from the Bill.

Hon. Mr. DANDURAND: Perhaps the honourable gentleman would proceed otherwise. He might move that the Bill be not now read a third time, but that it be amended in a certain way.

Hon. Mr. HORNER: All right. I move that the Bill be not now read a third time, but that it be amended by striking out clause 46.

Hon. DUNCAN McL. MARSHALL: Honourable senators, lest there may be some misconception on the part of those who were not in attendance at committee this morning when this Bill was discussed, I should like to make a very brief explanation.

This clause of the Bill does not permit mixing in the ordinary sense of the word: it does not permit the mixing of different grades of grain. What it does permit is the mixing of grain that may be slightly tough with grain of the same grade that is dry, in order that the tough grain may be brought up to standard by reason of some of the moisture in it being absorbed by the dry grain. As was explained before the committee, this kind of mixing has been done under the regulations of the Grain Board, and that board wanted to have further authority for it in the Act. This mixing of grain at the elevators in order to bring it up to standard has resulted in a very substantial lessening of the difference between the prices of, say, No. 1 tough and No. 1 standard. The man who had the misfortune to experience a snow-storm or a little rain when he was threshing had to suffer a reduction in price. He could not stop operations when the machinery and the workers were there. As was explained by Mr. Ross, who appeared before the committee, there used to be a margin of 8 or sometimes 10 cents a bushel. If it were proposed to permit the mixing of different grades of grain, I think every member of this House or the House of Commons would be opposed to it; but that is not what is contemplated at all. If a farmer has No. 1 grade and it is tough, he either has to pay from 4 to 5 cents a bushel to have it put through the drier or has to send it to the terminal elevator direct and take a less favourable price for it. This provision is to enable him to get a better price.

This Bill has been opposed in the Commons by two, three or four members on the general ground that no mixing of any kind should be allowed. But, as I have said, this kind of mixing has been done under regulation, and has proved beneficial to the farmer. It is not of any advantage to the elevator at all. The Grain Board is unanimous in recommending that this provision be enacted. It will not affect the marketing of Canadian wheat in the British or foreign markets to which the wheat is to go.

Hon. JOHN T. HAIG: Honourable senators, I am in favour of the amendment proposed by the honourable senator from Saskatchewan North (Hon. Mr. Horner). Mr. Ross, member of the House of Commons for Moose Jaw, said that the amendment contained in this Bill would benefit the farmers

of Northern Saskatchewan, where there is more damp grain than elsewhere. I may be pardoned for going into a little detail so that honourable gentlemen who were not present at the meeting of the committee may have some idea of what is involved. For many years the terminal elevator companies in Western Canada bought various grades of wheat, No. 1, No. 2, No. 3, and so on. The average difference in price between grades is about 2 cents a bushel. In 1927, 1928 or '29, after a long and bitter struggle, the mixing of grades was prohibited. The farmers maintained that the only people who benefited from the mixing of grades were the elevator owners; that the farmers themselves got no benefit from it, and after the grain reached the British or European market they failed to receive the bonus they were entitled to for No. 1 Hard or No. 1 Northern.

Then the question of damp grain arose. Damp grain is grain which contains, I think, more than 13 per cent moisture.

Hon. Mr. DANDURAND: 14.4 per cent.

Hon. Mr. HAIG: 14.4 per cent. If it contains between 14.4 and 17 per cent it is damp grain, and if more than 17 per cent it goes into another category. You can mix a certain percentage of damp grain with very dry grain. The grain of southern Manitoba, southern Saskatchewan and southern Alberta carries only 2, 3, 4, 5 or 6 per cent of moisture.

As I say, the farmers maintain they do not get the benefit of the mixing. In committee this morning Mr. Ross maintained that they did, because the difference in price, which used to be eight or ten cents a bushel, is now only one and a half cents. Of course, if we had a very wet year, as we had in 1912, there would be so much damp grain that it would not matter what mixing was done.

In almost every elevator in Western Canada there is a machine for testing the moisture content of grain. If Mr. Horner, or Mr. Sharpe, or anyone else brings in grain that the machine shows is going damp, he will be told of that and advised to stop threshing until dry weather comes along again. He either follows that advice or leaves the grain at home in his own granary and mixes it with his own dry grain, in which case all his grain will be dry and he will get the benefit.

I am not opposed to the mixing of damp grain with dry grain, but if this new section is passed there will be an extension of the practice and next year permission may be sought to mix No. 1 with No. 3 and No. 4. There is no demand by the farmers in Western Canada for this legislation.

Hon. Mr. MARSHALL: My honourable friend should know that this section does not permit the kind of mixing he is talking about.

Hon. Mr. HAIG: I know all about it.

Hon. Mr. MARSHALL: He is building up a straw man to knock him down.

Hon. Mr. HAIG: No. I know what kind of mixing this section permits, and I am warning that if we go so far as this to-day there will be no end to the thing. I repeat that the farmers in Western Canada do not want the legislation. As a senator from Manitoba I must protest strongly against interfering with the regular grading of our grain for the European markets. There is no doubt that on those markets our grain commands a premium. We ought to do everything in our power to maintain its high reputation. I asked in committee this morning, and I repeat the question here, whether anyone can say that organized farmers of Western Canada want this new provision in the Act. The farmers of Manitoba know who I am and where I can be reached. They send representations to me about every matter which they wish me to support on their behalf, but not a single representation has come from them in favour of this section. I therefore urge adoption of the amendment moved by the honourable senator from Saskatchewan North (Hon. Mr. Horner).

Right Hon. Mr. MEIGHEN: Honourable members, I suggest that, if the honourable senator from Peel (Hon. Mr. Marshall) is agreeable, this debate be adjourned until to-morrow. Though I was present during a good part of the committee discussion this morning, I had to miss some of it, and my opinion upon the feature now under consideration is not formulated. I am desirous of giving an intelligent vote upon it, because unquestionably the matter is considered of great importance in the West. In the minds of farmers it is of more importance, perhaps, than its possible consequences warrant.

Another reason for letting the matter stand until to-morrow is that we are ready to continue our discussion of the railway problem and are eager to have that discussion disposed of.

Hon. Mr. MARSHALL: Certainly, I am agreeable to the right honourable gentleman's suggestion.

Hon. Mr. DANDURAND: Who is moving adjournment of the debate?

Hon. Mr. HAIG: Honourable members, I will move adjournment of the debate.

Hon. Mr. HAIG.

Hon. Mr. DANDURAND: I concur, but I should not like my honourable colleagues to take it that what has been said by my honourable friends from Saskatchewan North and Winnipeg South-Centre (Hon. Mr. Horner and Hon. Mr. Haig) is correct. I think their statements are entirely wrong. However, we shall discuss that to-morrow.

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

GRAHAM'S POND BREAKWATER, P.E.I. INQUIRY WITHDRAWN

On the notice by Hon. Mr. Macdonald:

That he will inquire of the Government as follows:

1. What was the total cost of repairs to Breakwater, or Boat Harbour at Graham's Pond, Prince Edward Island, during the year 1938?

2. What was the cost of fish house built there?

3. Give the names of all who furnished material for these works, with quantity and value supplied by each.

4. Give the names of all persons employed on these works, and amount paid to each.

Hon. Mr. MACDONALD: As last evening I received through the mail the information required, I would ask that this inquiry be withdrawn.

The inquiry was withdrawn.

SCOTSBURN No. 1 RURAL ROUTE CONTRACT

ORDER FOR RETURN

Hon. Mr. TANNER moved:

That an Order of the Senate do issue for copies of reports of post office officials in Nova Scotia in respect to mail contractor Jarvis B. Ross and his contract of December 2, 1937, for service of Scotsburn No. 1 Rural Route, Pictou County, Nova Scotia.

The motion was agreed to.

CUSTOMS TARIFF BILL

FIRST READING

Bill 141, an Act to amend the Customs Tariff.—Hon. Mr. Dandurand.

INCOME WAR TAX BILL

FIRST READING

Bill 142, an Act to amend the Income War Tax Act.—Hon. Mr. Dandurand.

EXCISE BILL

FIRST READING

Bill 143, an Act to amend The Excise Act, 1934.—Hon. Mr. Dandurand.

CANADA'S RAILWAY PROBLEM
 REPORT OF SPECIAL COMMITTEE—
 DEBATE CONTINUED

The Senate resumed from yesterday consideration of the report of the Special Committee appointed on March 30, 1938, to inquire into and report upon the best means of relieving the country of its extremely serious railway condition and financial burden consequent thereto.

Hon. F. B. BLACK: Honourable senators, I feel that I am in a somewhat embarrassing position in addressing myself to the railway question at the present time. When the inquiry into this subject started I had great hopes that it would result in some definite benefit to this House, and, still more important, to the country at large. During the first year of our inquiry the committee had very excellent sessions and secured a great deal of information which not only was of value to every member of the Senate, but, I am sure, was also appreciated by the people at large throughout the country. When we reassembled this year a different spirit seemed to pervade the committee, and in my opinion no progress was made, and little was done that was of benefit either to ourselves or to the country at large.

I have listened with interest to the speeches made in this House respecting the two reports submitted. While the honourable leader of the House (Hon. Mr. Dandurand) gave, in a most admirable manner, a clear and concise résumé of the evidence, I was unable to find in the report he presented any suggestion which offered hope of a solution of the problem before us.

The speech of the honourable gentleman was, as his speeches usually are, most eloquent, and it did contain one suggestion, embodied in the words "true co-operation." So far as I have been able to interpret his remarks, that was the only constructive, helpful suggestion placed before us. The leader of the House mentioned a saving of \$52,875,000 that might possibly be obtained, either through unified management or through co-operation. He intimated that it was speculative, though that may not have been the word he used. After listening to the evidence and observing the results produced by co-operation during the past six years, I must say that I am unable to share the optimism expressed by the honourable gentleman with regard to the railways.

The Canadian National-Canadian Pacific Act was passed about six years ago, after considerable discussion in this House. We put in clause 33, which was supposed to give some real strength to the Act, and which set up machinery whereby the two companies,

in case they were unable to agree on measures of co-operation, could go to a tribunal to get a decision. During the first three years there was apparently no effort made by either railroad to exercise any of the economies which had been so strongly recommended, at least by this House. Now, six years after the inception of the Act, the total savings amount to about \$1,900,000. This result impels me to ask: If by the co-operative method it takes six years to reach a total of less than \$2,000,000, how long will it take to effect a saving of \$52,875,000? I mention this point because, to my mind, it does not indicate that co-operation is the solution of our railway problem.

I listened with a great deal of interest to the remarks of the honourable senator from Vancouver (Hon. Mr. McRae). I congratulate him on his excellent address. It was full of information of great value. But, again I ask, what was there in it to indicate to this House the means we should take to overcome the difficulties confronting us with respect to our railways? That address all comes down to one thing, and one thing only—another commission; call it a royal commission or what you will. We have had commission after commission, and committee after committee, but the situation remains the same so far as the loss is concerned, and because the loss of each year is added to the losses of the preceding years our position becomes worse and worse as time goes on.

The next honourable senator who spoke was the honourable gentleman from Prince Edward (Hon. Mr. Horsey). I am free to admit that I was unable to follow his argument as to the safeguards contained in the report presented by my honourable friend (Hon. Mr. Beaubien) on this side. In my view those safeguards are vital, and if they had not been embodied in the report I would not have signed it. Even with those safeguards in the report, I signed it with a mental reservation. So far as I could see, it offered the only reasonable solution and the only prospect of attaining a saving. I think that in calling attention to those safeguards the honourable gentleman did us a service.

The honourable gentleman (Hon. Mr. Horsey) made a statement which I thought was most remarkable. It revealed him in a position upon which I congratulate him. He said, "I have no financial interest in either road." If that is so, he is one of the most fortunate men in Canada.

Hon. Mr. LACASSE. He is a shareholder of the Canadian National.

Hon. Mr. BLACK: If he is able to escape taxation, he is about the only man in Canada who can. Every year I have to pay an income

tax, and every time I pay it I am reminded that so many hundreds or thousands of dollars of this tax go directly to the payment of losses on our railways. Over a period of years I have put a considerable amount of money into our railways, and every other honourable gentleman here has done likewise. Therefore I say that everyone in Canada has a very vital financial interest in this question. I think the honourable gentleman was mistaken when he said he had no financial interest. As to his having no interest in the Canadian Pacific Railway, I take his word. Neither have I.

While on this subject, may I make clear my position with regard to my interest in railways? I live in Westmorland County, which has always been served by Government railways—first by the old Intercolonial, and later by the Canadian National—and never by any other. I and my people before me have been engaged in shipbuilding and in the shipping business. Our ports have been Sackville, which was a seaport up to the time when the rails were taken up; Moncton; Shediac, which is still a shipping port; and Saint John. It was only by the use of the Canadian National Railways that we could reach those ports. My sympathies have always been and are to-day with the Canadian National. However, I am bound to view the railway situation in its relationship to the people of Canada.

Now I come to another remark by the honourable gentleman (Hon. Mr. Horsey) which surprised me. He said in effect that one of the results of unification of management would be absorption of the Canadian National Railways by the Canadian Pacific Railway. All I can say is that I wish the honourable gentleman were right. I do not think there is a citizen of Canada who would not be happy indeed if some individual, or private company, or corporation would take the Canadian National off our hands. In making this statement I am not saying anything detrimental to the Canadian National lines. We all know how we came into possession of them. I am convinced that we could not find an individual, corporation or company who would take the Canadian National as a gift, if along with it went the necessity of continuing to operate those railways as they are operated to-day.

Why did we take over the Grand Trunk? It was because the people who had owned and operated it previously were unable to continue. It had either to go into the hands of a receiver or be taken over by the Government. Why did we get the Canadian Northern? For exactly the same reason. No private company, individual or corporation

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could afford to operate the roads. Consequently we now have all these roads on our hands, and have to make the best of them. To say that the Canadian Pacific Railway would like to take over the Canadian National is a statement which does not fairly represent the true position. We could not induce the Canadian Pacific to take over the Canadian National Railway system and operate it. We all know that, and we might as well admit it.

I listened with a good deal of interest to the remarks of my honourable friend from Leeds (Hon. Mr. Hardy). He agreed with what had been said by the honourable senator from Vancouver (Hon. Mr. McRae), and in certain respects he felt much as I do. He was not satisfied with the committee's report nor with the alternative report. However, he was unable to suggest any way of improving our railway situation.

Hon. Mr. DANDURAND: The honourable gentleman from Leeds (Hon. Mr. Hardy) suggested compulsory arbitration.

Hon. Mr. BLACK: He suggested that as a possible course. I thought that when the honourable leader (Hon. Mr. Dandurand) moved adoption of the committee's report he would recommend compulsory arbitration, but he did not. I can understand, perhaps, why he did not. When we discussed the railway situation in 1933 we gave a good deal of consideration to the compulsory arbitration feature. I remember that it was strongly opposed by the honourable senator from North York (Hon. Sir Allen Aylesworth) and the honourable senator from Saltecoats (Hon. Mr. Calder), but I supported it. I took my stand on the ground that if compulsory arbitration were not provided for, the measure then under consideration would be no good at all. But it was not provided for, and it has not been recommended in the committee's report.

I was also much interested in the remarks of my honourable friend from Lethbridge (Hon. Mr. Buchanan). Like myself, while feeling that the committee did excellent work, he is not satisfied with the results of that work. At least, that is the inference I draw. He asked, "Would unified management relieve us of the interest on the moneys invested in the Canadian National Railways?" In my opinion, nothing under heaven will afford us much relief from that burden in the course of many years to come. It seems to be generally admitted now that the maximum savings we could expect from complete co-operation or unified management—and the same results might be obtained by either of these means—would be about \$25,000,-

000 a year for each road, commencing within a reasonable period after the change had been put into operation. Of course, that would be a worth-while saving, and it would go a long way in helping to pay for unemployment relief.

Two honourable gentlemen who preceded me stressed the value of the Duff report. The members of the Duff Commission were very able men, and their report was a good one. It was tabled six years ago. It recommended co-operation between the railways, and the establishment of a tribunal or appeal board to render decisions in cases where the railways could not come to an agreement themselves. The commissioners did not recommend unification of management. Why? They said frankly that in their opinion the country was not ready for it. What I want to ask now is this: Who can say what conclusion the Duff Commission might reach with regard to unification if it were sitting now? After six years of trial and error—mostly error and scarcely any trial—only very limited co-operative measures have been put into effect, and the savings from them have been almost negligible. In the committee we were frankly told by heads of both roads that they could not co-operate, because they were afraid of each other. That in essence is what they said. We could spend hours going through the evidence on that subject without getting any more out of it than an admission that the railroads are not co-operating, because they fear each other and cannot agree upon proposals.

As I have already remarked, there does not seem any hope of reducing our railway debt for a long period of years to come, but it strikes me that the governments which have been in office from time to time have not gone as far as they might have gone in endeavouring to bring about reduction in the interest on this huge debt. Some of the railway bonds bear interest at 6 per cent, I think; some at 5, some at 4½ and some at 4. It does seem to me that a saving could be made if the railway debts were consolidated, the bonds called in, and new ones issued at lower rates. The immediate effect would be important, but the chief benefit would accrue in the future.

Ever since I came to this House, and indeed from before that time, I have been interested in railway matters. My life has been spent in business of various kinds. I have always believed in economy in my businesses, in saving one dollar where a dollar could be saved, and in giving good service at all times. To my mind, these are the only means by which men can succeed in business, build up a reputation for themselves, make some money and be of real benefit to the country.

Perhaps the first speech of any importance that I ever made—and I do not know whether anybody except myself considered it of importance—was one that I delivered in this House when it was proposed to spend about \$100,000,000 on railway matters in the city of Montreal. Speaking on May 20, 1924, I made some recommendations which in my opinion were appropriate and, if carried out, would lead to considerable savings in the country's expenditure. On March 16, 1932, I again spoke on railway matters. I refer now to what I said then, because I think my remarks are still pertinent. On that date I said:

I am glad to see that, although the Government of that day—

That is, of 1924.

—in its wisdom did not think the economies I proposed should be put into effect, most of my recommendations have been adopted by the present Administration.

That was the Administration of 1932. Of course, I do not for one moment believe that the Bennett Government were influenced by my speech of 1924, but the fact is that nearly every recommendation I made then was put into effect, and almost exactly in accordance with my proposal.

My speech of 1924 was made on the general subject of our economic situation. At that time I suggested that there should be a straight reduction in the indemnities paid to members of both Houses, a similar reduction in salaries paid to Cabinet Ministers, an amalgamation of some portfolios and a reduction in the number of Cabinet Ministers, a reduction of 10 per cent in the salaries of civil servants, a reduction of from 10 to 20 per cent in the salaries of Canadian National Railway employees receiving \$1,500 a year or more, and a reduction in the salaries of all judges in Canada. I also remarked that if the Canadian National Railways system made a cut in its pay-roll the Canadian Pacific Railway would undoubtedly follow the lead.

On March 16, 1932, I pointed out that in 1924 the Canadian National Railways had 99,520 employees, whose salaries amounted to \$140,515,000, and that by 1930 the company's annual pay-roll had increased by more than \$8,000,000, to \$148,600,000. I showed that a 10 per cent cut in all salaries of \$1,500 a year or more would mean an annual saving of about \$8,000,000, and that if salaries of higher officials were reduced, as they should be, a saving of a further one or two million dollars would accrue.

I also reminded honourable members at that time that an important official of one of the railways had said in evidence before a parliamentary committee that if the rail-

ways could get rid of the passenger traffic and look after freight traffic alone, they could make money. And I went on:

Now, that being the fact—and it was substantiated by an official of the other great railway system—why is there a proposal to spend in the city of Montreal a sum not less than \$50,000,000 and not more than \$100,000,000 for the purpose of providing greater facilities to carry on a part of the railway business which, according to the managers of both roads, will not pay under any condition?

I should like the House to bear that point in mind, because I want to come back to it.

If honourable members will refer to the Senate Hansard of March 16, 1932, they will see that I criticized the practice of giving free transportation, or passes, to railway officials and employees, their families and friends, and to members of Parliament and others, and I strongly advocated the abolition of that practice. I also advocated the complete abolition of franking of telegrams over all telegraph systems, and the abolition of franking of expressage, and I gave instances to illustrate what savings might be effected thereby. I am quite aware that it is not a popular thing to urge abolition of passes, but I want to emphasize once more the desirability, in my opinion, of having these suggestions carried out. Railway authorities told me at the time that many millions of dollars of extra revenue would be received if all persons who travelled on passes were required to pay their way. I pointed out, too, that if such action were taken there would not be nearly as much passenger traffic, because naturally when a person can travel on a pass he will take full advantage of it.

I dealt with the arrangement whereby a railway man after a certain length of service is entitled to a pass for his personal use on local lines, then after longer service to a pass for himself and his family, after a little longer service to a permanent pass, after still longer service to a pass good all over Canada, and, finally, after twenty-five years' service, to a pass for himself and family available over all the railways of the North American continent. That is a substantial privilege. I think long service should be rewarded in some other way, for undoubtedly the use of free transportation creates a bad impression in the public mind. The man who works on a farm, in a store, or in an office must dig down into his pocket for railway fare to nearby towns, but his brother working for the railway company is able to take the same trip free of expense. It is no wonder that the man who has to pay his way regards free transportation as a privilege enjoyed at his expense. He resents this emolument given to a privileged class of labour which, in addi-

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tion, enjoys a considerably higher scale of pay. So far as members of Parliament are concerned, free railway transportation is a considerable convenience to us. In a sense ours are not strictly passes; they are free transportation to which we are entitled by statute. However, I think it would be well to discontinue the practice and in lieu of passes grant an additional travel allowance, graduated according to the distance members have to travel between their homes and the Capital.

I again draw this matter to the attention of my honourable friend the leader of the House (Hon. Mr. Dandurand) as another means by which the Government might bring about economy. True, the Government have to work through the railways, but I am satisfied that the railway management would be willing to co-operate in order to discontinue the issue of free passes.

As the evidence adduced before the committee has been already discussed, and, no doubt, will be still further discussed by other honourable members, I shall not detain the House with any lengthy reference to it.

I desire now to return to what seems to me an additional handicap in effecting economies on the railways. I would preface my remarks by saying that I intend to reflect not on the Government of the day alone, but as well on preceding governments. I think politics has played entirely too large a part in the administration of our railways.

Hon. Mr. BALLANTYNE: Hear, hear

Hon. Mr. BLACK: For a time the administration of the Canadian National Railways was to a large extent free from party politics. I hope I am wrong, but to-day I see what looks to me like political influence creeping into the management of the system. It reminds me of the activity exercised by politicians in the Maritime Provinces when I had less experience than I have to-day. At that time the Intercolonial Railway was the stamping ground of all the local politicians. Patronage went to Government members who represented the counties through which the railway ran, and its abuse was nothing more nor less than a scandal.

We do not want to see that condition brought back, but I am very much disturbed by what has happened in the last few months. Last autumn I was shocked to see in the press an announcement that the Government, or the Canadian National Railways, had determined to expend upwards of \$15,000,000 on the terminal in Montreal. No one knows how much the ultimate expenditure may be, but we shall be fortunate if it does not

exceed \$50,000,000. Indeed, if the work is carried out in accordance with the plans submitted in 1931 and 1932, the expenditure will be far in excess of \$50,000,000. At a time when every effort was apparently being made by the Government and by Parliament to bring about substantial economies in the operation of the Canadian National Railways, I was very much distressed to realize that this expenditure was to be made, not for better accommodation for freight—and that is, according to the railway officials, the only traffic which pays—but to provide facilities for passenger traffic, which they say will never pay, and which in fact is declining year by year. If passenger traffic did not pay in 1928, 1929, 1930, 1931 and 1932, how could it be expected to pay now? In view of these facts I was forced to the conclusion that the expenditure implied something more than a desire to build a terminal station in Montreal. As I have said, I hope I am wrong, but if I am I must blame the Montreal newspapers. At the time of the announcement of the proposed expenditure a federal by-election was in progress in St. Henri, and also a mayoralty contest. Apparently these two events made it necessary that something be done in the city of Montreal in order to secure support for certain candidates.

In this connection I would draw attention to what I regard as a pertinent fact. Last session when we had Mr. Hungerford and all his staff before the special committee there was not the slightest suggestion that they contemplated any expenditure on the Montreal terminal.

One of the candidates in the mayoralty contest was Mr. Camillien Houde. It is evident from what occurred that the Federal Government desired to see Mr. Houde defeated. Two federal Ministers and several members of Parliament supporting the Government took a most active part in the campaign in support of his opponent. On January 14 the Secretary of State, Hon. Mr. Rinfret, pledged the Government to fill the Dorchester street hole. Apparently he intended to fill it with the taxpayers' money. In the Montreal Gazette of January 15, 1938, I find this report:

Blaming none other than independent candidate Camillien Houde for the fact Liberal Government plans for a C.N.R. Terminal here were blocked seven years ago, Hon. Fernand Rinfret promised last night that "the Government of which I am part will settle this C.N.R. problem. . . . We will fill the hole on Dorchester street, and solve the problem of the approaches therein." Also to be solved was the "problem of the level crossings," in St. Henry.

Mr. Rinfret was speaking at a campaign meeting for J. A. Bonnier, official Liberal candidate in the St. Henry by-election Monday, in the basement hall of St. Paul's Church, Ville Emard.

The Secretary of State also pledged the Federal Government to maintain direct relief "as long as there are unemployed in Montreal"—even if the municipal and provincial governments should become "fatigued" by the burden.

That was a pretty strong statement for a Minister to make with reference to the policy of a railway system the administration of which was supposed to be free from government interference.

Then I find this report in the Montreal Gazette of January 17, 1938:

Before the general federal elections come, the Canadian National Railways will have their central station in Montreal, declared Hon. P. J. A. Cardin, Minister of Public Works, as he wound up the Liberal campaign in St. Henry division last night at the Levis school in Ville Emard. If the station has not been built—and Mr. Cardin made it clear that with this project there was also linked the elimination of the level crossings—it was because of Camillien Houde, said the Minister.

At an afternoon meeting in Atwater market Hon. Fernand Rinfret, Secretary of State, had made a similar pledge to the 2,000 electors who attended. Both statements clarified and amplified the declaration of Mr. Rinfret on Friday that the Liberal Government would "fill the hole on Dorchester street."

Mr. Cardin talked for about two hours, and was never in better form as an orator. Surely, he said, the people of St. Henry should have more confidence in Mackenzie King, Ernest Lapointe, Fernand Rinfret, and himself, than in Camillien Houde.

It may be stated that the Canadian National management had decided to proceed with completion of the Dorchester street terminal and was not influenced by the Government. In my view the two newspaper extracts which I have placed on Hansard do not so indicate. On the contrary, they imply very clearly that the suggestion came from Ottawa, not from the railway management. It would appear that when the President of the National Railway made his first public announcement in connection with the matter an inspired statement was put into his hands, and that the decision arrived at was not the original decision of the Canadian National management. I have no written proof for my statement, but I have pretty good authority for making it.

But if I need support, I have but to refer to an announcement made by the Minister of Finance in the House of Commons on February 6 last. To me it is a sad admission for a Minister of the Crown to make, but apparently he felt he had "to let the cat out of the bag." Let me give honourable members Mr. Dunning's own words as they appear in the Commons Hansard of that date:

All I desire to say, Mr. Speaker, is this, and this is a really serious word. The administration of a great public utility demands a degree of restraint on the part of all of us to which none of us in this Parliament has so far proved

equal. That is my firm belief. No matter which party of us is in opposition, we do belabour the Government politically with respect to the administration of this utility. That has been the history to date. I mention it merely in order that in this time of great difficulty we may all look at it in a different fashion.

There is no subject upon which, in the interests of Canada, we require more heart searching than in regard to statements we make with regard to our great public-owned utility.

That may be termed an honest, but certainly it is a very unfortunate apology for a Minister of Finance to have to make. He had been severely criticized for what many members of the other House considered was an extravagant expenditure, unwarranted from every standpoint.

As I have said, I was disappointed with the results of the committee's work this session. Perhaps the very fact that the situation to which I have referred arose during an election campaign in Montreal embarrassed those members of the committee who would naturally support the Government, and placed them in such a position that it became virtually impossible for the committee to secure evidence of value with respect to the Montreal terminal. I brought the question up in the committee, and I was told, "You are not going to be allowed to poke your nose into the Montreal terminal." I resented that expression at the time, and I still dislike it. If there was any purpose at all in appointing the committee, it was surely to inquire into the best means of relieving the taxpayer, to some extent at least, of the heavy burden of taxation due to recurring railway deficits. If the spending of millions of dollars on a passenger terminal in the city of Montreal was not a fit subject for discussion before our committee, then I have no hesitation in saying that we had no right to be there at all. When that intimation was given I lost interest in the proceedings, for I felt it was useless to proceed to discuss further economies in railway operation once the political element was allowed to influence the Canadian National management.

Hon. Mr. LACASSE: I should like to ask the honourable member to name the man who gave him that warning.

Hon. Mr. BLACK: What warning?

Hon. Mr. LACASSE: "You will not be allowed to poke your nose into this Montreal terminal." I should be interested to know whether he was told that by a man opposed to any improvements there.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. BLACK: I would suggest that the honourable member ask his own leader. He will doubtless get direct information there.

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Right Hon. Mr. MEIGHEN: That is where you got it.

Hon. Mr. LACASSE: That changes the aspect altogether.

Hon. Mr. BLACK: The honourable gentleman can go right to the source of information. I cannot give him a more direct answer than that.

I do not want to make this a party question at all, but I do think it is my duty to call attention to what I regard as a most serious situation in relation to the control of our railways. I refer to the practice of bringing politics into the question. In this respect I criticize the party to which I give allegiance, just as much as I criticize the party that sits opposite. There have been times when we have tried to get our skirts clear of the political mess, but we seem to have been dropping back into it again.

As I said before, I am not at all satisfied with what has been done in the committee this year. I have not been able to discover a solution which satisfied me. The second report presented recommends unification of management, and that is all. There is a great deal of misapprehension as to what that means. I am not going to try to explain it, because I know there are some people who continually misrepresent the facts. Others are honestly mistaken.

I see no real financial difficulty in the way of bringing these two railroads under one management. I have had a long and not altogether unsuccessful business experience, and can see no reason why there should be complications in that respect. Neither of the railways would have to endorse the bonds or notes of the other. So far as their financial obligations are concerned, they could be kept entirely separate. The great difficulty I see is of a quite different kind. It seems to me a question of whether the public have reached the stage where they are prepared to have one management for the two roads. The threat of monopoly is just a bogey; it is non-existent.

Seventy per cent of the short-haul freight is carried by motor-truck, and I am told that about eighty per cent of the short-haul passenger traffic goes by bus and private motor-car. In addition to this, long-haul freight is to an ever-increasing degree being carried by motor-truck. The highways are built by and for the public. We may say that the public should not be allowed to use them for the transportation of freight. But why not? The public, who built the highways, built also the Canadian National Railways, and if they choose to use the highways as the system which serves them best, why should they not

do so? There is no doubt that for short distances the motor vehicle does the business better than the railways can ever do it.

Furthermore, motor vehicles are increasing in speed and in comfort, and every day the cost of operating them is decreasing. It will not be long before the Diesel engine is generally applied to the motor-truck and the motor-car, and when that time comes the cost of fuel will be greatly reduced. Some people say the cost of oil as compared with the cost of gasoline will be about as one to eighteen. I am using two Diesel engines myself, and the cost of operating them is ridiculously low.

Then there is the aeroplane. More and more the aeroplane will cut into long-distance passenger traffic. It will save days in getting people to their destinations, and in these times the saving of days is a matter of some importance.

Furthermore, it will not be long before there is a transcontinental highway. In fact, it is pretty near at hand now, and I am not at all sure that wheat will not be moved from the West to the head of the lakes by motor-trucks. In the West and also in the East, beef, which used to be moved by the carload, is now transported by motor-trucks. The same is true of many other commodities.

For the last ten years I have tried to give all the freight I could to the Canadian National. In doing so I have sometimes gone very much against my Scotch principles, the cost by railway being more than the cost by motor-truck. The roads are paved and are open the year around, and the trucks can carry many commodities much more advantageously than the railways can do it. I can see no reason why the volume of motor-carried freight should decrease, and I look for no solution of the problem of our railways in that direction.

Certain suggestions have been made for cutting down railway operating cost by means of co-operation, and thus relieving the taxpayers, to some extent at all events. As between the proposal submitted by the honourable leader of the Government (Hon. Mr. Dandurand) and the one submitted by the honourable senator from Montarville (Hon. Mr. Beaubien) there is very little difference. It is just a question as to which is the better method of attaining our objective—co-operation, or the unification of management under the supervision of the Board of Railway Commissioners. Let us discard all the side issues, and the supposition that the railroads cannot be run under one management. They can. It is just a question as to which method will work the more effectively and efficiently.

I am going to support the proposal of the honourable senator from Montarville for no other reason than that the indications are, according to the evidence adduced before the committee, that by unified management we shall get results more quickly than by co-operation. During six years co-operation has produced nothing, and my great fear is that during the next six years it would produce very little more.

In closing I should just like to say this. If any honourable senator in this Chamber has a better suggestion to make than those which have been submitted to us, I will vote for it and against the others. Let us try our best to eliminate considerations of political patronage, political advantage and political disadvantage affecting our actions. If the Senate of Canada does that alone, it will be rendering a very great service to the Dominion, a service which will be remembered long after we are gone, and will do much to purify the public life of this country.

Some Hon. SENATORS: Hear, hear.

Hon. ADRIAN K. HUGESSEN: Honourable senators, perhaps my first word should be one of appreciation of the great honour I have enjoyed in being allowed to serve on this Special Railway Committee, perhaps one of the most important committees appointed by this body during the last few years. If I might say a personal word it would be that I was particularly glad to be allowed to serve on this committee, inasmuch as I have always been extremely interested in all matters pertaining to transportation. In fact, were it not for one of the railways of Canada I should not be occupying my seat in this Chamber at this time, since it was for the purpose of taking a position in one of the Canadian railroads that I first came to this country as a very young man more than thirty years ago.

The impression made upon my mind by the evidence adduced before the Special Railway Committee was this. The many witnesses we heard dealt with the same set of facts, but some of them came to very opposite conclusions. This brought to my mind an expression used by Lord Baldwin in the House of Commons in England when he was Prime Minister. One of his ministers had been accused of making a statement not strictly in accordance with the facts. On that occasion Lord Baldwin referred to what he called "the many-sidedness of truth." While listening to the witnesses who examined the facts from various angles and came to different conclusions I was led to think of the applica-

tion of those words to the witnesses as an example of "the many-sidedness of truth."

I have no intention of going at great length or in detail into the evidence produced before the committee, but I do wish to examine for a few moments some of what, to my mind, are the fundamental factors in the railway problem of this country.

The first observation I would make is this. In view of the geographical position of the country, it would be surprising indeed if Canada did not have a railway problem. Our centres of population are spread out for a distance of more than 3,500 miles along the border of the United States, but very seldom at a distance exceeding one or two hundred miles north of that border. In other words, we have length without breadth. That condition, of course, means that our railways have had to be constructed over very long and in places very sparsely populated areas of country.

Furthermore, the country is divided into four clearly marked areas—the Maritime Provinces, the central provinces of Quebec and Ontario, the Prairie Provinces, and the Pacific province of British Columbia. Between each area and the next there is a formidable natural barrier. The mountains of Gaspé separate the Maritime Provinces from Quebec; the vast area of lake and rock and scrub pine north of Lake Superior divides Ontario from the Prairie Provinces; the Rocky Mountains form an eternal and almost impenetrable barrier between the Prairie Provinces and the Pacific coast province of British Columbia. All this means that our railways have to be built over long distances and across areas in which engineering difficulties are great and which in themselves are incapable of producing the traffic necessary to sustain those lines.

There are also economic considerations. Naturally the volume of trade in the different areas of our own country would flow south to corresponding areas in the United States. Normally, the direction of traffic on the North American continent would be north and south. But for national reasons we have turned it around and made it travel in an unnatural direction, east and west. We have had to do this for the purpose of binding the various parts of the country together into one. The development of Canada can be said to be largely the history of a struggle against geography, and I think it is not too much to say that the railways have been, are, and will continue to be, the life-line keeping the country together.

That brings me to the remark that the railway problem cannot be segregated; cannot be put into a corner by itself and considered

by itself. It is a part of the whole problem of the national development of this country.

Now, I have referred to the natural barriers which make our railway position difficult. There are certain further economic factors which should be taken into consideration. Firstly, we are a great exporting country. We export to the markets of the world very large quantities of products, some of them from the centre of the country. Consequently our railways are called upon to transport them to the seaboard of the Atlantic or the Pacific at rates which are low enough to permit them to compete with the products of other countries in the markets of the world.

A second factor is this. We are still largely an undeveloped country. In certain sections of the Dominion, for colonization purposes, we have built lines to open up new stretches of land. We have also built lines for development purposes, in order to reach some of the natural resources and products. In the normal course of events these lines, in themselves, could not be expected to pay.

All these observations lead me back to the remark with which I began, that Canada, of all countries, is the one in which you would naturally expect a railway problem to exist.

Then of course we are confronted with the new problems which face railroads in every country of the world, problems resulting from the development of new sources of competition from the highways, airways, waterways, pipe lines, and so forth. As so often occurs in the consideration of our own national affairs, we can profit by the experience of the country to the south of us. The other day I happened to run across an article dealing with the general subject of railways in the United States, and it appeared to me to contain a number of points equally relevant to our own situation. The article, entitled "Transportation Developments in the United States," was written by a Mr. Fred Lavis, a member of the American Society of Civil Engineers, and was published in the Proceedings of that society for November, 1938. Mr. Lavis makes a number of points which I think would be of interest to the House, but I do not intend to weary honourable members by quoting at length. The first of these points relates to a matter that has been discussed by several honourable members in this debate, namely, the extent to which motor carriers have superseded the railways in the carriage of freight. In a table showing the total ton-miles of freight carried in the United States during 1936, the last year for which figures were available at the time he wrote his article, he shows what proportions of the total were distributed among the various transportation agencies: steam railways, waterways, motor carriers, petroleum pipe lines and

electric railways. From this table it appears that even in 1936, after a great development of these competing methods of transportation, the American railways still carried 67½ per cent of the total freight moved.

Then he proceeds to discuss the question of the cost of rail transport as compared with road transport, and he says this:

In general, the average cost (to the shipper) of freight hauled on the railroads is slightly less than one cent per ton-mile, whereas the cost of haulage by truck is from five to seven cents per ton-mile.

Then he makes an interesting calculation designed to show what would have to be done if the freight now hauled by railroads were to be moved by motor carriers. He takes a division of the Pennsylvania Railroad extending between Pittsburg and Altoona and calculates that if the freight moved over that division on a representative day in 1938 were moved by trucks, it would require from six to twelve new first-class two-lane highways to handle the traffic, the difference depending upon whether the freight were to be carried in five-ton trucks or in ten-ton trucks. He reaches the general conclusion that the railways are important not only because they now handle by far the largest proportion of the freight, but because there now seems no other way in which this traffic can be handled.

The next point of interest in this article relates to increases of transportation facilities. Mr. Lavis points out that between 1920 and 1932 the amount of capital invested in different kinds of transportation in the United States increased by approximately 100 per cent. In 1920 the investment in railways and so forth was about 20 billion dollars, and by 1932, after construction of great numbers of highways, additional railways, and pipe lines, and expenditures on internal waterways, the investment had gone up by approximately a further 20 billion dollars.

There is one further section in Mr. Lavis's article which is perhaps germane to the consideration of the committee's report. This is the only section of his article which I intend to read textually. Under the heading of "Suggested Remedies" he has this to say about consolidation and co-ordination:

The questions of consolidation, co-ordination, and competition are always foremost in any discussion of the railroad situation. Personally, the writer is opposed to consolidation when carried to the extent of building up such large organizations that they lose the sense of personal management. There are undoubtedly cases where further consolidation may be desirable, but these should be studied as individual cases rather than on the basis of some arbitrary plan for the grouping of all the railroads of the country, or of some section of the country.

If we accept the general conclusions of this article, I think it would be fair to say that for as long a time as it is given to man to look into the future, the railroads in this country, even more so than in the United States, will be an essential and very large factor in transportation services.

Now I should like to discuss for a moment the capacity of the country to bear its railway burden, as represented by the annual deficits on the Canadian National Railways. I am afraid that perhaps I may be regarded by some honourable members as somewhat of a heretic. We hear a great deal about the tremendous burden of these annual deficits, but I must frankly admit that I do not believe that burden is as onerous or as formidable as it is sometimes made out to be. After all, when you incur an indebtedness there is always some sort of asset to show for it. I was a good deal impressed by a report of the remarks made two or three weeks ago by Mr. Graham Towers, Governor of the Bank of Canada and one of our most brilliant public men, before the Banking and Commerce Committee of the other House. He was dealing with the general question of public debt, and he said that debt is an asset, in the sense that it represents something which has been acquired. He pointed out, further, that in every civilized country the public debt is a very considerable one, because the citizens of the country require and insist that their governments shall provide a great number of services. By way of contrast he referred to the natives of central Africa, who run around, as Kipling once remarked, wearing "nothin' much before, an' rather less than 'arf o' that be'ind." They, he said, have no public debt, and they enjoy none of the amenities which a public debt represents in civilized countries.

I think some honourable senators—I say this with a great deal of deference—are apt to have their vision obscured a little by the Canadian National's annual deficits, and therefore perhaps do not see the asset that lies behind those deficits. After all, does not part of that asset consist in the provision by our country of an excellent transportation system at less than cost? Of course, the difference between what this asset costs and what it yields in revenue has to be made up by means of taxation.

To speak in a still broader sense, the deficits on our Canadian National Railways can be described as the price we pay for the unity of our country.

We have been warned that if these deficits continue year by year we may have to default

on our public debt and go into general bankruptcy. I remember reading—it must be at least fifteen years ago—a statement made by Sir Vincent Meredith, then President of the Bank of Montreal, in his annual report to the shareholders, to precisely the same effect. He said that the country could not continue to go on bearing those tremendous annual deficits. As I say, honourable senators, that was at least fifteen years ago. I venture to think that in the meantime the country has managed to carry the annual deficits of the Canadian National Railways without too much of a burden upon the public treasury, and that the burden has not prevented a considerable increase in our national wealth.

When I am met with those dismal and gloomy statements about our rapid pace along the road to bankruptcy and repudiation, I like to consider two or three facts, which I wish to place before the House. As we were told in the special committee, the Dominion Bureau of Statistics estimated that, account having been taken of all the factors that could be considered in such an abstract calculation, the national wealth of Canada increased in 1937 by \$200,000,000. A second cheerful factor is the repatriation to this country of our foreign debt. I quote from an article which appeared in the *New York Times* with reference to the monthly review of the Bank of Nova Scotia for March last. The article says:

Due to the Dominion of Canada's large net credit in international transactions in the last five years, Canada is paying its external debts "on a very considerable scale," according to the Bank of Nova Scotia in its monthly review. Basing its calculations on figures of the Dominion Bureau of Statistics, the bank places Canada's net credit from 1934 to 1939, inclusive, at approximately \$1,000,000,000, or larger than the previous high, which was in 1924 to 1928.

Thus, receipts from abroad arising from merchandise exports, gold shipments, tourist trade, interest and dividends, greatly exceeded corresponding payments abroad. The bank points out that the surplus has been chiefly utilized in reducing Canada's foreign indebtedness and only to a limited extent in increasing her external investments and other assets.

A reference to this same matter was made by the Minister of Finance in his budget speech delivered in another place on April 25 last. He said:

It is not generally recognized, I think, that as a result of such transactions Canada has been a net exporter of capital to the extent of over \$900,000,000 during the last five years. This is a tribute to our inherent financial strength and an evidence of increased ability to withstand financial storms in the future.

May I refer to another part of the same budget speech? He points out that the per capita public debt of this country is from 15 to 25 per cent lower than in three other

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countries of the British Commonwealth: Great Britain, Australia and New Zealand.

Right Hon. Mr. MEIGHEN: Does the honourable gentleman not realize that the figures of our debt as compared with that of Great Britain, Australia or New Zealand, do not include our indirect railway obligations?

Hon. Mr. HUGESSEN: I beg my right honourable friend's pardon. The Minister of Finance was referring to the public debt, in which the Canadian National Railways' debt is included.

Right Hon. Mr. MEIGHEN: Such of it as is represented as debt. The vast part of it is represented, not as debt, but as guarantee, and that is not in the public debt at all.

Hon. Mr. HUGESSEN: I think my right honourable friend is mistaken. If I remember rightly, the public indebtedness of this country, including the debt of the Canadian National Railways, is approximately eight billion dollars, and it was that figure which was taken into account in the making of the calculation I have quoted.

Hon. Mr. HORNER: May I ask the honourable gentleman a question?

Hon. Mr. HUGESSEN: Certainly.

Hon. Mr. HORNER: Did the honourable gentleman notice the comment made by Premier Aberhart, of Alberta, with respect to Mr. Graham Towers' statement?

Hon. Mr. HUGESSEN: I was not fortunate enough to notice that.

Hon. Mr. HORNER: He said that if Mr. Towers' statement was correct, this country would have to be ruined financially in order to be completely successful.

Hon. Mr. HUGESSEN: As I was saying, I think there is considerable support for the view that the annual deficits of the Canadian National Railways are not so important nor vital, nor nearly so unbearable, as they are sometimes made to appear.

It cannot but be admitted that taxation is higher in consequence of the railway deficits which we have to bear. We are sometimes told that this high taxation is stifling private enterprise and preventing industry from forging ahead. I doubt whether it is a matter of positive proof that high taxation does stifle industry. It depends a good deal on the type of taxation. The principal federal taxation which industry has to bear is the sales tax, which is passed on to the consumer, and the income tax, which is levied only to the extent that income is earned. There are examples of countries with high levels of taxation, even higher than our own, which

nevertheless have managed to achieve a very considerable degree of prosperity. One example comes to my mind at once: it is the prosperous condition which existed in Great Britain from about 1930 until a year or two ago, and that at a time when its taxation was on a higher scale than ours. I do not believe our taxation is any higher than that of other countries similarly situated. The difference, it seems to me, is this—and it is really the fundamental point of the whole thing—that by reason of the geographical and economic position to which I have referred we have to spend more of our national income on railway transportation.

I want to deal for a few moments with the particular problem before the House. Like the honourable senator who has preceded me (Hon. Mr. Black), I am half of Scotch descent, and I resent undue waste of public money.

We were met in the committee by a large number of witnesses, particularly witnesses for the Canadian Pacific Railway, who supported the plea for unification and told us that from this plan, on the basis of traffic in 1930, we could expect annual savings of \$75,000,000, or, on the revised basis of the level of traffic in 1937, savings varying from \$56,000,000 to \$59,000,000, depending upon whether certain railroads were abandoned or not.

I have the greatest admiration for those witnesses. I believe they gave their evidence in perfectly good faith, and I wish I could participate in their enthusiasm. I do not believe the savings which they suggested could in fact be made under unification. It is of course difficult to test the accuracy of theoretical estimates, but I did make one attempt to test this estimate of \$59,000,000. For the benefit of the honourable senator from Montarville (Hon. Mr. Beaubien) I may say that I did this without help from anyone and with such limited intelligence as is permitted to me. If you assume that unification had been completed by 1937 and was in operation in that year, and that half the savings of \$58,000,000 accrued to the Canadian Pacific Railway, then, applying those figures to the actual operating figures of the company for 1937, you get some rather surprising results. In 1937 their income from railroad operation was approximately \$145,000,000, and their working expenses were \$121,000,000, which gave an operating ratio of 83·6 per cent. As honourable members know, operating ratio is a term very commonly used in railway parlance throughout this continent and refers to the number of cents spent to earn a dollar. For 1937 the Canadian Pacific Railway actually spent 83·6 cents to earn a dollar. Now, on the assumption that unification had been completed and was in full operation

in 1937, and that there had accrued to the Canadian Pacific Company as a result one-half of the \$58,000,000, that is \$29,000,000, they would presumably still have their gross earnings of \$145,000,000, but would have \$29,000,000 less of working expenses, and that would give them an operating ratio of 63·5 per cent.

Now, honourable members, that is a very remarkable figure. The operating ratios of the nineteen principal railroads of the United States for 1937 appear at page 1185 in No. 20 of the proceedings of your committee. Each of them earned \$75,000,000 or more. Of those, two only had an operating ratio of less than 63·5 per cent—the theoretical Canadian Pacific operating ratio: they were the Chesapeake and Ohio and the Norfolk and Western. I will eliminate those two railroads for the reason that they operate under exceptionally favourable traffic conditions and their operating ratios have at all times been very much less than those of the other lines, because the great proportion of their traffic is coal, which they load in the mountains and run downhill to the seaboard at Norfolk and Old Point Comfort. I think it is generally recognized in railroad practice that railroads which have such a particularly favourable condition have always a very much lower operating ratio than lines engaged in general traffic. I know it was the case before the war with several lines in South Wales which ran under similar conditions down the coal-bearing valleys to Cardiff, Swansea and Newport.

Of the seventeen remaining big lines of the United States the actual operating ratios in 1937 averaged 77 per cent, as against the theoretical Canadian Pacific Railway operating ratio under complete unification of 63·5 per cent. I find it very difficult to believe that under any system of co-ordination, co-operation, or what you will, the operating ratio of the Canadian Pacific could ever be so very much less than the average operating ratios of those class 1 lines in the United States. That was the first test which I attempted of the Canadian Pacific theoretical 1937 unification figures.

The second test arose from the same set of figures, which I carried through to the net receipts of the Canadian Pacific Railway available for payment to its shareholders. In 1937 the Canadian Pacific, after payment of all expenses, bond interest, taxes and so on, had a balance available for its shareholders of \$9,000,000 odd. Let us take the additional \$29,000,000 in savings which they say they would have achieved in that year under unification and add to that the \$9,000,000 which they actually earned. That results in a figure of about \$38,000,000, which would be sufficient, after the payment of dividends on the 4

per cent preferred stock, to give a return to their ordinary shareholders of very nearly 10 per cent. Again I must say I find it extraordinarily difficult to believe that in the circumstances which existed in 1937, and which affected all the railroads of the country, the Canadian Pacific would have been able, under any conceivable conditions of operation, to earn practically 10 per cent on their common stock.

I think what would happen if unification were brought about would be something like what we were told happened in Great Britain. Honourable senators know that there in 1921 more than 120 lines were consolidated into four large systems. In a memorandum which was submitted to us, but which I could not lay my hands upon before coming into this Chamber, we were told that this is what happened. When in 1920 the President of the Board of Trade introduced into the House of Commons the Bill for the unification of the British railroads, he predicted enormous immediate savings running into many millions of pounds sterling. When it came to the actual results from that pooling of the roads, those savings did not appear; they vanished—they were not there. The statement went on to say it was undoubtedly the fact that there had been very considerable savings since unification of the railroads in 1921, but that it had been impossible at any time to say to what extent, if at all, those savings were the result of unification, and to what extent they were due to improvements in transportation, and that the railroads themselves had never attempted to allocate them in order to show in any way what, if any, proportion of the savings had resulted from the unification.

It is a matter of conjecture. I think anybody will agree that unification would bring about larger and quicker savings than voluntary co-operation. It is merely a question of degree for the people of this country to determine whether they are willing to take the risk which adheres to the policy of unification. Let us say for example—and this is probably an outside estimate—that the savings on the railways from unification would be \$10,000,000 or \$15,000,000 more than they could be under voluntary co-operation. It is then a question for the people of the country to decide whether they wish to continue to tax themselves to the extent of an additional \$5,000,000 to \$7,000,000 or \$8,000,000 a year for the purpose of maintaining the corporate entities of the two systems and avoiding whatever dangers might result from unification and from the monopoly which would thereby be occasioned.

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The people of this country are, I think, instinctively opposed to so vast a monopoly as would be created by the unification of the two systems. I fully agree with the honourable senator from Montarville (Hon. Mr. Beaubien) that as regards service there would probably be as good service under unification as there is to-day. But it is not in the type of service that danger would arise. The danger would arise from having a single industry with 120,000 employees and with \$300,000,000 to spend in the country each year. That would be a state within a state. It is quite conceivable there might be a great deal of political danger in setting up so vast an entity as that. I am a democrat, I believe in democracy, and I believe that normally the instinct of the people in matters of this kind is right.

But, quite apart from the immediate effects of unification, there are certain inherent dangers in that policy, and, in all humility, I should be disposed to ask honourable senators who favour that policy whether they are quite sure whither it will lead them. It is my belief that unification would sooner or later, and probably sooner rather than later, lead to purchase of the Canadian Pacific Railway and government ownership of the entire rail system of the country.

Hon. Mr. DANDURAND: Hear, hear.

Hon. Mr. HUGESSEN: As soon as unification had been brought about there would immediately be an urge for the purchase of the Canadian Pacific Railway, and that would come from two quarters. It would come from the security holders of the Canadian Pacific Railway Company whenever there was any question of making a capital expenditure on the railways which might be considered in the national interest, not one which showed an immediate cash return. From the labour unions also would come a demand for the purchase of the Canadian Pacific Railway. In that connection let me call the attention of honourable members to what actually has happened in Great Britain. We had before us a few days ago in the committee a witness who took the trouble to send a cable to the head of the National Union of Railway Men in Great Britain, an organization representing 475,000 British rail workers. This is the cable:

Certain interests here urging Parliament unify two large railway systems, basing argument on British practice. Please cable attitude British railway men towards consolidation already achieved, and if now advocating complete unification state on what basis.

This is the cable received from Mr. John Marchbank, secretary of the National Union of Railway Men:

Not satisfied with existing consolidation of the British railways and advocating complete unification of all means of transport and national ownership and control.

If I were a Socialist I should be in favour of unification, because I should believe, and I think truly, that it was one step towards what I intended ultimately to achieve, that is, complete government ownership of the railways of Canada.

I sometimes doubt whether honourable members appreciate the value of our present position, with two separate railway systems in this country, one owned by the Government, the other privately owned. Each of them is a yardstick of the achievements of the other. We can measure what one does by what the other does; so we have a very valuable means of ascertaining which system is doing the better. I believe to a certain extent in the virtues of competition. There are of course all kinds of competition. I think our two railway companies could achieve a competition which is neither wasteful nor unnecessary, and that by agreement they could eliminate all that remains of waste and unnecessary services.

If the executive officers of the two railway systems would stop this childish business of making faces at each other behind our backs, they could, I think, achieve a friendly co-operation of service to the people of Canada—the real purpose for which they are here.

Honourable senators, I realize that I have probably wearied the House by my extended remarks on this subject. My only excuse is its importance and the great interest I take in it.

May I sum up what I have said?

Firstly, that the railway problem is inherent to this country.

Secondly, that railroad transportation is, and will always continue to be, essential for the country, not only because of the mere carriage of the freight of the country, but as a factor in our national unity.

Thirdly, that the burden of our railway deficits is not unduly excessive, and is not beyond the capacity of the country to bear.

Fourthly, that unification would not bring about a financial solution, and inherent dangers in it should make us very chary of adopting that policy without a full knowledge of what it implies.

For these reasons I shall vote for the majority report of the committee.

I have but one more word to add. The arduous work of the committee is now at an end, and at its conclusion I suggest that

the message of the people of Canada to their two railway systems should be this: Stop your bickerings and your propaganda. We have decided that you shall carry on as two separate entities in friendly competition and co-operation. Under the Canadian National-Canadian Pacific Act of 1933 we have provided you with the machinery necessary for that purpose. You are jointly charged with the vitally important task of providing our country with adequate railway facilities with as little unnecessary waste and duplication as possible. Get on with the job!

Some Hon. SENATORS: Hear, hear.

Hon. Mr. BALLANTYNE: Will the honourable senator allow me a moment? Does he not think that the passage of the Act compensating railway employees who may be laid off as a result of co-operation will go a long way towards checking or possibly stopping altogether any further voluntary co-operation? I am sure my honourable friend read the views of the various unions in the United States and Canada which I quoted. They stressed the point that if what was proposed under that Bill could be accomplished it would go a long way towards stopping voluntary co-operation.

Hon. Mr. HUGESSEN: I was very much interested in, and quite appreciated, the remarks of my honourable friend on that topic. Of course that argument would apply equally to unification. But Sir Edward Beatty did not seem to think that was an insuperable obstacle in the way of ultimately achieving, through unification, the savings he mentioned.

Hon. J. H. RAINVILLE: Honourable senators, I have been listening with increasing interest to the addresses delivered in this Chamber on the ever-present problem of Canada's railways. Although not a member of the special committee on this subject, I attended most of its sittings and listened to practically all the evidence that was given before it. I have also read many newspaper reports of speeches made outside of this House.

One of the last opinions publicly expressed was that which was voiced in unmistakable terms by the member of the House of Commons for the Yukon, Mrs. George Black, before the Women's Conservative Association of Montreal. She said:

The time is coming when politicians will have to take that nettle in both hands. . . . Those railways have got to be amalgamated.

This is an opinion that might be open to debate. It commits the speaker directly to one of several solutions offered by different interests, a solution which was ably expounded

yesterday by the honourable senator from Vancouver (Hon. Mr. McRae).

During the sittings of the committee one new expression, at least, crept into the discussion. It is one that I think may bring us nearer to a clear view of the possible solution which every citizen is awaiting in anxiety and no little discomfort. Someone has introduced the expression, "rationalization of the railways." I should like to translate that expression into simple language, as "getting some common sense into our attitude toward the railways." Such a viewpoint, giving fair and equal consideration to both the government-owned and the privately-owned railway system, would, I believe, enable us to do away with most of the evils inherent in both systems, or, at any rate, most of the evils which result from the necessity of having both systems. I think that viewpoint would be more in agreement with the ideas of the man in the street, the ordinary citizen who pays his full share of the costs of the railways and of all the other disastrous things which we and our colleagues in the other House and our predecessors in political life have inflicted upon him. It is this viewpoint of the man in the street, the individual taxpayer, that I should like to set forth in the few remarks which I contribute to this debate.

The whole question, to my mind, can be brought down to one single statement of fact, namely, that we have too much railway transportation in Canada. There lies the evil. It has been pointed out in both Houses of the Canadian Parliament with unflinching regularity for more than twenty years. It might be said to resemble the weather in that everyone criticizes it, but no one does anything about it. Everybody has agreed that the situation is serious, but so far no one has the courage to prescribe the remedy to cure the trouble.

I submit that this is not a matter for panaceas and quack remedies. It is a straight and simple question of putting common sense into public administration. This is no political problem. It is a straight question of economics. The politician will object that any government which attempted to solve this problem would commit political suicide. Perhaps so. But I should be inclined to go further and say that it is time a man arose in Canadian public life who had sufficient courage to commit political suicide if necessary in order to save this Dominion from national suicide.

Right Hon. Mr. MEIGHEN: Hear, hear.

Hon. Mr. RAINVILLE: As Talleyrand said, "Pesez les hommes, ne les comptez pas"—"weigh the men, do not count them." This

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is as applicable to-day as it was when the words were first spoken.

Can such a personality arise at this moment? For all we know, the man may be sitting in our midst, he may be sitting in another chamber, or he may be living outside of Parliament at the present time. But of one thing we may be sure: if we politicians do not find him, the people will sooner or later, and it will be a sorry day for us if the people impose him upon us.

I might remind my honourable hearers of a great statesman who, during a time of great national crisis, a little over two decades ago, chose duty rather than party, thus sacrificing his political career that Canada might live. Sir Robert Borden lived and died honoured and esteemed throughout this Dominion and the world by friends and adversaries alike.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. RAINVILLE: I grant you we cannot discuss a problem like Canada's railway burden without taking cognizance of the upheaval which the whole world is going through, and which affects social, economic and political conditions in all nations. This has frequently come to the surface in this debate, particularly when we have run into discussions on the merits or demerits of public ownership.

I am no partisan of public ownership. I have many reasons for not favouring it. The principal one is its dismal failure wherever it has been tried. But in this connection honourable senators will, no doubt, listen with interest to a quotation from an article by Louis Rougier, published in *La Revue de Paris* under the title "France, réveille-toi"—"France, awake!" Mr. Rougier speaks of a return to "liberalism." This word, obviously, is taken in the philosophical sense, not in the narrow sense associated with it in Canadian party politics. He says:

A return to liberalism can be accomplished only by a reversal of public opinion, when the individual will at last realize that public ownership is nothing but a lure; that the public, far from benefiting from its own bounties, is only the wasteful paymaster of the system, and its too complacent victim.

By maintaining fantastically onerous administration machinery, a police system excessively annoying to the public; by supporting bankrupt enterprises with subsidies and at the expense of the whole economy; by running vast nationalized enterprises at a loss; by the practice of an economic policy evolving from protectionism to prohibitionism, public ownership, always short of money, devours the country's savings and leads the people into general misery under ever-increasing restraint in the midst of growing insecurity.

Quoting at length from Roman history, Mr. Rougier in one place cites the last words

spoken by Septimus Severus to his children, when he was on his death-bed: "Remain united, pay the soldiers, and ignore the rest." Mr. Rougier continues:

It is of no avail. In trying to save its own life, the State has lost the very reason for its existence. Created to serve the community, it condemns the community to live only for the State. Miseries are on the increase, homes are sterile, there is lack of funds, a shortage of soldiers . . .

Some honourable senators may believe I have wandered far from the subject, but I would remind them that, as I said at the beginning, we are dealing not only with a problem of major importance, but also with a multitude of new conditions which render its solution at once more imperative and more difficult. For instance, the transportation problem in Canada and also in the United States has been rendered more serious by the entry of several new forms of competition into the field. New competition has come from airways and through developments in water transport, but the most serious competitors of all are motor-trucks and automobiles. Their competition has grown to such an extent that we are justified in speaking of two main forms of transportation: railways and motor carriers. We cannot deny that highway transportation is here to stay. For that reason the railways simply have to adapt themselves to the new conditions.

A few salient facts and figures may throw fresh light on this aspect of our transportation problem. In 1907 there were 2,130 motor vehicles in Canada, and by 1930 the number had increased to 1,250,000. At the present day there are in our country 400,000 miles of highway, of which more than 80,000 are gravel-surfaced or better. The nation has to provide over \$100,000,000 every year to keep highways in proper condition for motor vehicles, whereas the railroads construct and maintain their own right-of-way, tracks, stations, telegraphs, and so on.

May I be permitted to refer to a personal experience which I had last fall when motoring from Montreal to Toronto? I had been told that a large number of trucks were operating between those two cities, and at Kingston, after dinner, I decided to count the trucks going through towards Toronto. Between 8 o'clock and fifteen minutes past midnight I counted 88 west-bound truck trains, that is, trucks composed of three sections. Such a large movement represents very serious competition for our railways. I suppose the quantity of goods carried by that number of trucks was more than could be hauled from Toronto to Montreal by the biggest railroad engine.

More recently I had another experience. I live in the small but very patriotic town of St. Lambert, and in driving to my Montreal office I have to pass over the Victoria bridge. In the spring of the year all trucks approaching that bridge are stopped and weighed, in accordance with provincial regulations requiring that vehicles shall not be so heavy as to break down the highways. One day, when the road was icy, I noticed that a big truck which had come from Malone was getting weighed, and I learned that it was carrying a load of 53,000 pounds. The chauffeur was brought before the courts and fined \$100.

Now, honourable senators, when the provinces originally undertook to build highways there never was any intention that taxpayers should furnish owners of motor-trucks and auto-buses with a means of livelihood. Settlement of the railroads' troubles calls for a solution of the general transportation problem. This, be it not forgotten, is a problem which our legislators have had before their eyes the past twenty years, and every year it has become worse. It is a harsh fact, and one that we cannot escape, that while our highway transportation is growing in scope and importance every week, there still are in this country 48,851 miles of railroad and 256,000 railroad cars. The Canadian people have in railways an investment of more than \$3,000,000,000, not to speak of obligations assumed away back in the years before Confederation.

Twenty years is without doubt a long time for politicians of any country to look a problem in the face and do nothing about it. It is a short time in a nation's history, however, and the transportation problem can therefore be called relatively new to Canada, in comparison with the United States and Europe.

References have been made in this debate to railways in United States and England. I should like to refer to the situation in France. The railway problem in that country has been a nightmare for nearly half a century. There the development of the railway has always had to be subordinated to the needs of military strategy, on the one hand, and to political expediency on the other. That combination left France in complete possession of a dense network of railways, the cost of operation of which was nothing short of frightful. In April, 1934, the French Government, finding their costly railway system faced with competition from an equally dense network of automobile services, had to take serious action. Through Mr. Flandin, then Minister of Public Works, legislation was passed inviting co-ordination of railway and

highway traffic. The Government did not attempt to guide or regulate anything. They simply offered to act as arbitrators whenever negotiations reached a deadlock. They provided a very general plan of co-ordination, leaving interested parties to decide the best way of co-ordinating services in each case. The basic principle set up was this: "The purpose of co-ordination is to provide a maximum of service at a minimum cost to the community; the means adopted consist in attributing to each mode of transport the traffic for which it is more economically suited."

The first understanding reached and actually put into operation was in the lower Seine region, where traffic is very dense and varied and where the railway and highway networks were competing to the limit. Mr. Dautry, director of the Northwestern Railways, was responsible for the solution reached in that section of the country, covering both passenger and freight traffic. The main bases of the agreement were: As regards passenger traffic, the railway agreed to close all small lines and to discontinue a notable part of the local train services on main lines. The highway carriers, on the other hand, agreed to cease competing with the railways as to long-distance and middle-distance traffic. In actual fact, the railway suppressed passenger services on 517 kilometers of small lines, the highway carriers agreeing to take care of this service and guaranteeing a service at least as good as that given by the railway. Between Havre and Fecamp, for instance, the service of three trains was replaced by that of twenty-six auto-buses. Co-ordination of railway and highway rates was also worked out in a manner calculated to eliminate competition between highway and railway. At the same time the railway agreed to accept no freight of less than carload quantity at stations closed to passenger traffic. Local freight is shipped by rail to the open station nearest destination, and there turned over to the trucks for final delivery. Highway carriers have the exclusive right to handle all less-than-carload traffic at points not situated on the main line between open stations. "Open station" means a station open to all traffic. It was agreed that on main lines the railway should take carload freight; on other lines the freight was to be shared.

This is just one example of how the problem of railroad and highway competition is being dealt with in France. With this co-ordination strictly applied, the Northwestern Railways of France saw for the first time in their operation a surplus to replace deficits accumulated during the previous sixty-one years.

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Yet, with all this, the railway situation was not made quite secure, and in the end the Government of the Republic adopted complete railway unification, with fair guarantees to the private investors in railways.

May I add that all railways in France are controlled by a super-board composed of representatives of the different railways. Sufficient rates are guaranteed to pay a reasonable interest on the moneys invested in the railways. If they are not sufficient, the Government provide such funds as may be necessary to make good any deficit thereon.

Official figures show that in 1930 Canada's railway revenues decreased about \$12,000,000 from the maximum attained some four years earlier. During the same period there was an indicated trend of increase in motor vehicle carrier traffic of about 25 per cent per annum.

Statistics can be adduced to show that upkeep of highways in Canada costs \$146,000,000 a year, and that motor vehicle taxation and gasoline taxation bring in about \$43,000,000. That is, the highways cost \$100,000,000 a year more than they return in revenue to the governments. At first sight this looks like a heavy debit against the highway carriers. But it must be admitted that the highways are not maintained wholly or even principally for the benefit of freight trucks and passenger buses. The people who clamor for more and better highways are seldom the bus and truck operators. They are the automobile clubs, business men and hotelmen.

The people of Canada are vitally interested in the tourist traffic, which is worth nearly \$200,000,000 a year. But I regret to say, and I am sure all the honourable senators will agree with me from their personal experience, that elephant freight train trucks are killing the tourist business. Hence the necessity to deal with and settle this form of transportation as soon as possible.

But you may say that the problem is not an easy one to deal with, as the railways are under the jurisdiction of the Federal Government and the highways under provincial jurisdiction. However, I feel sure we shall not have to amend the Constitution to bring about a settlement of this problem. A conference with the premiers of the provinces would no doubt bring results, as they are as much interested in the welfare of our railways as the central Government can be, and the big returns from the tourist business are most important to each province.

To sum up the situation, it amounts to this, that the Dominion of Canada, through the kindly help of its politicians—a term which I must regretfully but frankly admit includes

myself and most of the honourable gentlemen listening to me—has been brought to the stage of not only having to pay \$60,000,000 a year to keep a giant state railway fighting a private competitor, but also having to pay out whatever share of \$100,000,000 a year may be fairly attributed to trucks and buses to maintain a highway transportation system which is recklessly cutting the throats of the other two.

I suggest, honourable members, it is time we admitted that in so doing we have made a big mistake. And it is time we settled down seriously, not to argue about whose fault this, that or the other thing is, but to consider how to correct our mistake. Where is the practical solution? That is the only question that has any right to occupy our further attention. So far we have been satisfied to divide off into warring groups, one favouring the Canadian Pacific Railway and urging reorganization of the systems, the other standing for the Canadian National system and demanding a status-quo policy, with intensification of public ownership in the hope of a return to prosperity at some future date.

May I suggest that when you divide off into two groups, each demanding adoption of its own solution and flatly refusing to consider the solution offered by the other group, you may bid a definite, if perhaps affectionate, good-bye to all hope of ever seeing a solution, in terms of 1939 conditions, of a problem created by a programme put through many years ahead of its time, in a frenzy of haste to construct thousands of miles of superfluous railways. The world war cost us \$1,600,000,000, roughly, and has to a large extent been paid by taxes. It is over. But our little flutter in railways has cost us far more than that, and all its debt is still outstanding.

I agree with most of the speakers who have debated the subject in committees and on the floor of either House that transportation is the greatest of our national problems. It constitutes our greatest source of national uneasiness, fear and worry, and it is the heaviest burden on our national treasury.

Personally, I do not think that state ownership and administration is the proper solution. That system has against it an unsavory history of patronage and political interference. We have examples of it at our very door.

Now, why not a new organization, a private institution controlled by the Government through, say, a reinforced transportation commission or some such regulating body as would guarantee the running of Canadian railway services along practical, common-sense lines? Remember, the distress of the railroads is not due so much to conditions within the business itself as to conditions of public policy

under which the railroads have to operate. And, even if we desire to continue the present insane railroad policy, how long can we expect to do so, with every other public administration, federal, provincial or municipal, as has been pointed out by the honourable senator from Vancouver (Hon. Mr. McRae), joining in and discounting the future, and living well above its means?

Even if the governments of Canada were able to support this huge railway burden, it still would not be economically desirable that they should do so. But the plain fact is that they cannot. So long as they show the same extravagance in every other direction that we indulge in with respect to our transportation problem, we may be sure that all these activities together are co-operating to hasten the arrival of that day of reckoning when all these things will stop, whether we like it or not, for want of the means to carry on any further.

In 1925, fourteen years ago, a special committee of this House suggested a merging of the two railways for purposes of administration and operation. This seemed like a step in the right direction. But so many great and divergent interests were involved that nothing was done about it. The same thing, practically, could be said of the situation to-day. Nothing is being done about it, because of the divergent and great interests involved. And while we procrastinate in this way, the people continue to pay the piper.

Two questions seem to arise at this juncture. First, how much longer can the people of Canada afford this sort of thing? And, second, how much longer will they stand for it?

I said at the outset that it was the reaction of the man in the street that I wanted to give this House. A recent writer in the Financial Post, after figuring out the cost of our venture in surplus railways in fifteen years, estimates what could have been done with the money if spent in other directions. He points out first that in fifteen years the publicly-owned railway system cost Canada over a billion dollars. He points out that no one ever saw a billion dollars, and that no one can really conceive how much money it is. But, if that billion dollars had not been spent, the people of Canada could have been spared every cent of sales tax collected since 1923, every dollar of the stamp tax, every dollar of the federal taxes on automobiles, tobacco, cigarettes, beer, and playing cards, and every cent that has been paid in sugar tax.

Hon. Mr. DANDURAND: If my honourable friend is about to close, we may continue. If he is not, I suggest that he call it six o'clock.

Hon. Mr. RAINVILLE: Call it six o'clock.

At six o'clock the Senate took recess.

The Senate resumed at 8 p.m.

Hon. Mr. RAINVILLE: Honourable senators, when the House rose at 6 o'clock I was referring to an article in the *Financial Post*, in which the writer asserted that over a period of fifteen years our venture into the railway business had cost us one billion dollars, which had to be made up out of taxes. Every cent of all those taxes during that period, he points out, went to pay the cost of the experiment in railroad business by politicians, including my honourable friends and myself and all other members of Parliament. But, make no mistake, the man in the street wastes no time on being polite with us. He bluntly and plainly refers to what we have done as "playing at railroads." And he thinks rather bitterly of the increased old-age pensions, better living standards, unemployment insurance, workmen's compensation, health insurance, better education and housing, and all sorts of other worth-while things he could have had out of that billion dollars, had our politicians been contented with a less costly railway policy.

Here is the situation, briefly stated, from another angle. We have a total railway mileage of 42,308 miles for 10,394,196 population, which, in 1930 comprised 7,346,404 people in the East and 3,047,792 in the West. Yet our railway mileage is so distributed that the West, with less than one-third of the population, has 22,440 miles of railway, or 2,572 more than the East. In other words, 29 per cent of the population has 53.2 per cent of the railway mileage. Such a situation has no parallel in the whole world. As a matter of fact, Quebec is the only province of Canada which shows an average of population to rail mileage above the economic safety line, with 589 persons per mile.

It serves no useful purpose to dig once more into the causes which have brought us to this impasse. We are faced with the fact. We have to find a solution. That is all. It is not the government of some old, decadent, worn-out nation of central Europe or the Near East, run ragged by centuries of despotism and exploitation, which is faced by this appalling situation. The problem pertains, not to one of the old nations, which have nothing to gain and therefore nothing to lose, but to the most hopeful and most promising of the young and growing nations in the world to-day, the nation which of all countries in the world has most to gain in the future, and therefore most to lose. Let us hear what some of the most outstanding authorities had to say of our country during the great depres-

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sion, from which the world has not yet recovered. In April, 1935, France-Amérique, of Paris, said:

Economic recovery is more pronounced in Canada than in most other countries.

Colonel Ayres in the *Cleveland Trust Bulletin* of 1934 said:

The improvement continues more progressively in Canada than in the United States.

In 1934, Roger Babson, of New York, whom we all know, said:

Of all the countries of the world, Canada is one of those which were the quickest to come out of the crisis.

Let me quote from *Liberty* of February 15, 1936:

Canada rounds the first lap of 1936 far in advance of any other nation—a record pace in the international marathon back to better times.

The honourable gentleman from Vancouver (Hon. Mr. McRae) told us yesterday that he was glad to be a Canadian. I would add that we are all lucky to live in Canada. We have one of the richest countries of the world. Our immense fields lie waiting for hands to cultivate them and people to consume their products. Our millions of horsepower lie asleep in the waterfalls that pour daily, hourly, into oblivion for want of industry to use their power. Our subsoil is replete with metals of all kinds, precious and base, awaiting only dynamite and the crushing mill of the miner. We have, to cite but a few instances, almost a world monopoly of nickel production; the great bulk of the world's supply of asbestos; we rank amongst the world's biggest producers of gold, silver, copper. There is no country in the world that can compete with us in the production of radium. At the price at which we can produce it, we have practically a world monopoly. Canada, with its 10,000,000 population, is the fifth nation in international commerce. And we have thousands of square miles, the contents of whose subsoil we do not even know, in many cases do not even suspect, and have never had time or opportunity properly to investigate.

Should this country, the envy of the world, be talking poverty? Should it be taxed to death? Is it decent that a country like this, in the prime of its early youth, awaiting a little capital, a lot of energy, courage, brawn, muscle and brain and a healthy manhood to develop it and bring out its wealth, should be strangled while its transportation problem is kicked about by groups of politicians,

like a football, instead of being dealt with as a serious, vital problem demanding immediate solution?

Let me state the problem again, in as few words as possible. We have too much transportation for the number of our people. We spend \$60,000,000 every year to operate our state railway and maintain foolish and unprofitable competition with the private railway. Then the nation is spending, let us say, \$100,000,000 a year more to provide the means for a third system, the highway carrier system, to cut the throats of the other two, always by foolish, unproductive competition. The big problem, it seems to me, is to work up our courage to the point of ceasing to indulge in such extravagance.

If we must give them money, let us consider a means of so giving it that it shall be a reward for co-operating and bringing common sense into our complicated network of transportation troubles, and not be a reward for cutting one another's throat, haggling and arguing and providing politicians with meaty contracts. That is what we have to consider, and we must do it soon. It will be unfortunate for most of us if those whom we are in theory supposed to lead and guide are compelled to find the solution for us and force it down our throats, so to speak. Discretion and expediency seem to me to suggest that we had better find the solution first.

Needless to say, I shall vote for anything that calls for immediate and effective action, for I am against the policy of *laissez-faire*.

Hon. C. W. ROBINSON: Honourable senators, in the discussion of our railway problem it is probably better to say nothing at all than to give expression to views which will not stand the test of critical examination and which only serve to add confusion to a very troublesome situation. The members of the special committee have spent their time freely in listening to the views of the many witnesses who appeared before them, and it is not surprising that the opinions of thinking men do not always coincide. One has to bear in mind that the processes of the human mind do not always work in the same way with different individuals. Conclusions reached by one person, which he considers absolutely sound, are often the very opposite of conclusions reached by another individual, which he is equally sure are perfectly correct.

Then there is the question of environment and of the advantages which may be gained by certain lines of action and which may unconsciously affect the views expressed by one side or the other. We have had before us representatives of the two great railway systems. We have also had evidence from

two or three outside persons who are not supposed to have any bias or interest in any way. Needless to say, they are as diametrically opposed to one another as the members of the railway companies themselves.

The chief discussions have been with regard to the proposal for unification put forward by Sir Edward Beatty, the President of the Canadian Pacific Railway Company, which was supported before the committee by many of the officials of that railway. The contention was made on behalf of the Canadian Pacific Railway that very large savings in cost of operation could be effected by unification, and by unification alone, and it was suggested that the unified railway system should be controlled by a board of directors on which the two railways should have equal representation with independent men appointed by some outside bodies.

The officials of the Canadian National Railways contended that the estimate made by Sir Edward Beatty and his officials was based upon wrong premises, and that in order to effect such savings it would be necessary to make wholesale dismissals and to abandon property to an extent which was impossible of attainment. It was not denied that such savings could be made, or at least a large proportion of them, but the Canadian National officials asserted that public opinion would prevent the accomplishment of anything approaching the claims of the Canadian Pacific.

Professor McDougall, of Queen's University, gave some interesting testimony on the economics of the situation, in which he showed pretty conclusively that the whole railway business of Canada is on the decline, and that it is unreasonable to hope for any very great recovery. This leads me to the conclusion that any estimate of savings based upon the volume of business of any past years cannot be a very reliable estimate unless one knows what the future years' business will be.

Professor McDougall also presented some facts with regard to the labour situation which are very interesting, and which showed conclusively and beyond successful contradiction that the railway employees, and particularly the running trades, are paid at a rate too much out of line with other occupations. All I would say is that, knowing the railway men as I do, I have no doubt that if properly approached they will see the reasonableness of making their contribution to the relief of the nation's business.

So in trying to arrive at some conclusions which have at least a semblance of reasonableness one must bear in mind how important it is to show a spirit of fairness to all parties concerned.

The argument has been advanced that the Canadian Pacific are not trying with any great fervour to make co-operation a success, and it is not unreasonable to reach that conclusion, for of course if co-operation is a success there will be no further argument for unification.

Hon. Mr. DANDURAND: Hear, hear.

Hon. Mr. ROBINSON: There has been some controversy about the propriety of the Canadian National Railway officials taking a hand in public discussions on this question. If that viewpoint prevails, there is very great danger that the public and members of Parliament will by continued propaganda be gradually brought to what may be a wrong conclusion. In my opinion, the Canadian National officials should be encouraged in every way possible to go into the open forum and present their side of the case. The charge that they are interested in maintaining their own positions and salaries is a flimsy one when one realizes how tremendously interested are the officials of the Canadian Pacific not only in the maintenance of their own salaries and positions, but also in their pardonable desire to improve the financial conditions of that great company.

What we all want, and what this committee has been trying to do for the past two sessions, is to get as much truthful information as possible for our guidance and for the information of the people throughout Canada.

I cannot understand the attitude of those who seem to think it is necessary for the Senate to lay down a definite line of policy. One of my reasons for this is that the Senate is not a governing body. It has already done a pretty good job in ventilating the views of many thinking people upon our railroad problems. The whole of Canada was interested, and the press continually kept the public in touch with what was going on in the Senate committee, and gave a fairly accurate synopsis of the evidence. Our proceedings came to the notice of the members of the Federal Government and of our provincial governments, who became keenly interested. In my opinion it might be much better for the Senate to draw no conclusions whatever unless we can draw a unanimous conclusion, and one so satisfactory to all parties that it will meet with the approval of the country and be a sure guide for the future policy of any Government.

As has already been pointed out, railway problems are not peculiar to Canada, but the Canadian railway situation has its peculiar difficulties because of the geographical nature and extent of our country and because of our comparatively thin population.

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The Canadian Pacific Railway is an outstanding company, and has contributed much to the development of our Dominion. But the contribution has been mutual: Canada in the past has also contributed much to the Canadian Pacific Railway. The fact that the profits of that great company have been reduced to the vanishing point is not the fault of Canada or of the Canadian National Railways, or of bad management by the company. It is the inevitable result of changes in economic conditions practically all over the railway world; and what applies in this regard to the Canadian Pacific Railway applies equally to the Canadian National Railways. We are too apt perhaps to find fault, and to make charges of extravagance. In my opinion both railways have been very well managed, and are being well managed to-day.

I think there is no one in Canada who would not gladly see the return of prosperity to both railroads. We all know that it would be a good advertisement for Canada to have the Canadian Pacific Railway on the high road to success. So my advice to that company is to forget all about unification, waste no more time upon it, attend to the business of running a railroad, and endeavour to put into effect as rapidly as possible an "honest-to-God" system of co-operation which will undoubtedly bring to both railroads most of the benefits that could be obtained by unification. I say this, not as an opponent, but as a friend. I am firmly convinced that unification is impracticable, indeed impossible, and would only result in a confusion of interest and a sad disappointment.

Now I should like to follow up the line of thought already so well developed by the honourable member from Vancouver (Hon. Mr. McRae), and add to the picture he has painted of what would happen in the future if unification became a fact, and a saving of sixty million dollars resulted therefrom. He showed that the Canadian Pacific Railway would earn over 7 per cent on its common stock, and that, on the basis of the past year's performance, the Canadian National Railways would still be in the "red" to the extent of twenty-four million dollars a year. To carry the illustration a little further and capitalize the result to the Canadian Pacific Railway, a little figuring will show that it would be equivalent to a bonus of nearly \$500,000,000.

On the other hand, let us see a little more clearly how it would affect the Dominion of Canada. What about the consequent unemployment, the reduction in employees by the thousand? Who takes care of the unemployed? While it may not be necessary actually to

dismiss many employees, what about the shrinkage in available jobs for coming generations? There will be fewer jobs by the thousand, and Canada must pick up the consequent burden and carry it to the bitter end.

Is it any wonder that the Canadian Pacific Railway is all for unification, particularly if it can manipulate the control. And that is one of the dangers of such a plan—manipulation of control. Under such a “marriage” the term “for better, for worse,” has a particular significance if there is a real unification and one unit emerges. I am afraid that not even a Senate Divorce Committee would have the power to grant relief. That fact must not be overlooked. Then what? Strength will be given to the advocates of public ownership.

The honourable senator from Vancouver has given an apt illustration of what happened in Great Britain with respect to the Grand Trunk stock. A very large part of the Canadian Pacific Railway stock is held in Great Britain to-day. The President’s last annual report shows the following:

	Per cent
Canada holds	12.75
United Kingdom and other British countries	65.47
United States	15.86
Other countries	5.92
Holders of preference stock	26.519 per cent
Holders of ordinary stock	65.706 per cent

From this we must conclude that a forcible expropriation of the Canadian Pacific Railway system would meet with such strong opposition, or with such a clever campaign as to value, that there could not possibly be any satisfactory result; and yet there is much ground for the idea of eventual public ownership unless both railways find the future has hope in store for them. I strongly feel that it is almost as vital to Canada to bring prosperity to the Canadian Pacific Railway as to the Canadian National Railway; but such prosperity must not be one-sided.

Notwithstanding all that has been said, and the impatience displayed in some quarters over the results so far attained by co-operation, it is clear to me that there is a very great opportunity in co-operation, and I do not complain so much over the small results so far accomplished. Caution is needed; and it is quite possible, and indeed probable, that too great haste would be more harmful than helpful. To reduce the costs of operation there must be a curtailment of employees and some distress to communities adversely affected. Such a process should be accomplished gradually, and, so far as possible, an opportunity should be given for readjustments. Impatience is a wrong attitude to take. Do not get into a hurry, but keep steadily at the task. It must not be forgotten that the

problems of unemployment resulting from contraction by the railways will be really serious problems, and that the burden will fall entirely upon the Dominion, not upon the Canadian Pacific Railway.

I come therefore to one phase of the proposed unification which seems to me to be outstanding in its unfairness. It seems to be taken for granted that the Canadian National Railway should not expect more than 50 per cent of the savings achieved, and that that railway would be lucky to get so much. A comparison of property valuation, as given in the annual reports, shows that the Canadian National has about 50 per cent more than the Canadian Pacific; and in view of the shifting of the other burden of unemployment from the railways to the Government, our own railway, which means the Government, should not be expected to take any less than two-thirds of all savings resulting from either co-operation or unification. The tremendous advantage to the Canadian Pacific Railway of restoring its ordinary stock to a dividend basis should be taken into account. Even ten million dollars a year would give a fair dividend upon all the common stock, after the other interest charges were taken care of. So I would call the attention of the Canadian Pacific Railway Company to the fact that they have the most to gain from all savings made through co-operation, as well as by unification.

In my opinion, the report of the Duff Commission should not be lightly cast aside. The members of that commission, who had a unique opportunity of examining the railway problems, were unanimous, I believe, in condemning amalgamation, which is practically the same as unification. The honourable senator from Montarville (Hon. Mr. Beaubien) quoted from their report, but neglected to quote their conclusion. He was impressed with a part of the admirable and thorough review contained in that report, but apparently thinks the conclusions are wrong. He may have been given an insight into the problems, but I would rather bank on the judgment of the commission.

Now may I offer a word of comfort about our present railway situation without in any way expressing satisfaction or belittling any attempt at improvement. We all know how much the Parliament of Canada was called upon to vote last year under the head of the Canadian National Railway—somewhere about \$54,000,000. That has been repeatedly dinned into our ears. It is a large enough sum to affect seriously the national budget, but it is a long way short of the statement that the sum was one hundred millions. It is only fair to ask if there is any credit side to the account,

and, if so, what it amounts to. I do not think that phase of the question received much attention at the hands of the committee. On making some investigations I was rather surprised to find that, so far as I could judge, the credit is larger than the debit, and it would seem to me that our railway system is really a very valuable property. My reasons for this conclusion are based on items such as the following. In 1938 the taxes paid were \$7,000,000. In addition to this there are the sales tax, and the taxes paid by employees, which would no doubt run into many millions. Then we must not forget the contribution which both railways make to the country in the matter of freight rates. It was pretty clearly established before the committee that freight rates in Canada are very low, if not the lowest in the world, and that the contribution to industry through that channel amounts to many millions of dollars a year. Further, we must also take into consideration the service which is given to outlying districts and to branch lines which never were expected to pay, and, not least, the advantages which should be credited particularly to the Canadian National Railway, in the opening up of new country, the developing of mines, and the increase in the national wealth of the whole Dominion as a result of those railway operations. Then we must not overlook the fact that last year the Canadian National Railway paid in pensions more than four million dollars. So I have no hesitation in asserting that if a proper balance sheet were struck, and skilled economists were called in to give an estimate of the service rendered by our railways, we should find that the subsidy of \$54,000,000 a year is more than returned to the Dominion in the operations of our railways.

Speaking of subsidies, the money voted for railways is not the only great national subsidy. There is a subsidy, paid annually by the people of this country for many years, which is so large that it makes the contribution to our railways shrink into insignificance. I refer to the unseen taxes which the people of this country pay as a contribution to industry, as a result of our protective tariff, and from which no one can escape. We have no accurate estimate, but I think I am safe in saying that this contribution is not less than \$300,000,000 a year, and possibly exceeds \$400,000,000. I am not objecting to this subsidy. It is in accordance with a settled policy which has been in vogue for years.

There is another side to the balance sheet. The building up of our industries has been of very great importance to Canada, and I trust that beneficial results are recompensing us for the tremendous cost imposed upon our

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country. This amount is not talked about, because it does not come into any accounts; nevertheless it is real. If one were to employ the arguments of the honourable senator from Montarville (Hon. Mr. Beaubien), it would at once be seen that there are at least two sides to a question.

Now, just a word about our publicly-owned railway. It represents a worth-while achievement, and in my opinion is something to be proud of. Taking over a number of railroads which were virtually left on our doorstep by bankrupt companies, as well as a number of branch lines which were in a deplorable physical condition, we spent money lavishly upon them, and now we have a unified system, maintained in good order, giving most efficient service, manned by capable officials and employees, and contributing to the country's business in a way that perhaps many of us fail to appreciate. To entangle this system in some sort of hybrid unification with even such a company as the Canadian Pacific Railway would be a fatal blunder. It would probably lead to government ownership under most unfavourable conditions. Let us maintain the freedom and independence of our railway, urge more and yet more co-operation, and help to restore the other great railway system to prosperity.

I have no axe to grind. I have no business or professional interest or stock in any railroad. But all my life has been spent in close contact with railway men, and I cheerfully testify to the character, the industry, the good citizenship and patriotism of all Canadian National employees, whether in the shops, on the tracks, aboard the trains or in the offices. I believe they all stand ready to co-operate towards solving the railway problem, if they are given an opportunity.

Some reference has been made to unified management as, I suppose, distinct from unification. As I understood the evidence given before our committee, the savings estimated to accrue from unification would not be obtained under unified management. I gathered that but for the difference in control of the roads, unified management is only another name for co-operation. And I make bold to say that unified management would not give the results expected from it.

Right Hon. ARTHUR MEIGHEN: Honourable members, while I value sincerely the addresses, or most of them, which have been delivered in this debate, I cannot say that I rise with any sensations of pleasure to add to the discussion. I feel rather a very real and distressing sense of futility, because I think I see the usefulness of this House under serious reproach and the function intended

for us in the scheme of Confederation reduced largely to atrophy. I had long ago resolved to remove from my own mind every constraint that would impede me in the exercise of my soundest judgment as to how best to treat this great business problem; but I am sorry to say I find this session in the conduct of the honourable leader (Hon. Mr. Dandurand) with respect to this question the intervention of other than business considerations and of regard for matters for which we were never intended to have regard. He has almost a unanimous following in support of the position taken by his party. Possibly I should not have ground for such complaint were it not that the past conduct of himself and of those who now speak with him shows they really have not reasoned about this subject in other days as they now do; that the principles which bind them to-day did not bind them but a very short time ago.

Fourteen years have passed since a committee of this House unanimously declared itself in favour of unified management of the Canadian National and the Canadian Pacific railways. It is true that the financial terms then recommended would not now be considered by us, but the Senate favoured the principle of unified operation. And it is only six years since the basis of the Senate's resolution of 1925 was again wholly approved by the honourable gentleman who now leads the House (Hon. Mr. Dandurand)—

Hon. Mr. DANDURAND: And repudiated by my right honourable friend.

Right Hon. Mr. MEIGHEN: It is only six years since he said that while in his judgment some good might result from the measure then under consideration, he apprehended we should have to return to the principle of unified management at no distant date. At that time he read a list of advantages which would accrue if we did return to that principle. All this he repudiates now. He says to me, across the floor, that six years ago I did not favour unification, but supported the bill then before us. That is true. The whole railway question had been inquired into by a commission in which, in common with the whole country, I had entire confidence. That commission had made specific and clear recommendations. Manifestly in the state of public opinion at that time the best that could be done was to give those recommendations a fair opportunity to produce relief. However one might have felt about the prospect—and I myself had hopes that much more would be attained than has been—it was certain that in the face of the commission's report there was nothing further we could do than we did. I stated to Parliament

repeatedly that we could do nothing but try to give effect to those recommendations and see what would result. I pointed out that in the case of great businesses between which there was severest competition beneficial effects had been obtained from co-operation on a limited scale, and I expressed my belief that in the railway field there was a sphere within which co-operation could be made to produce desirable results, even while competition existed.

Well, we have had six years of this so-called co-operation, but the results achieved would not fill the hollow of our hands. Both railways have explained why more co-operative measures have not been put into effect. But the honourable leader of the House (Hon. Mr. Dandurand) refuses to accept the explanation, or to be guided by the result. He tells us he is against unified management on principle, and he calls upon his followers to vote it down.

Hon. Mr. DANDURAND: My right honourable friend is wrong. I do not ask anyone to follow me, and I have called no caucus.

Right Hon. Mr. MEIGHEN: I do not think it is hard for any of us to hear the call, even though it is not addressed to us. Results speak for themselves. The honourable leader of the Government has veered at a right angle from the course he took just a few years ago, and has avowed principles directly contrary to those which he twice commended to this House.

The main reason why participation in this debate gives me no pleasure is this. I find myself in direct and definite conflict with the avowed platform of the party with which I have been associated through life and which once I led, and with the leader of that party, a man whose talents I admire and for whose personality I have affection. Performance of my duty in these circumstances, with no organized body of public opinion anywhere, in support, certainly cannot carry with it any great pleasure. I had hoped that others on both sides of the House could consider this matter from its business aspects alone, and thus enable the Senate to show this country that we were seeking to serve rather than to follow.

Hon. Mr. GORDON: Hear, hear.

Right Hon. Mr. MEIGHEN: In that I have been disappointed. I proclaim now that my words represent my own views and those of the eight other members of the committee who signed the alternative report recommended by my honourable friend from Montarville (Hon. Mr. Beaubien), and of any other honourable members who may vote with me.

They do not represent the views of the party with which I have been identified, and they are definitely and very forcefully disavowed by the leader of that party himself.

It would be a waste of time to go far back into history in order to develop a background of to-day's condition. This I have done on previous occasions. There are persons who have flung at me a charge of pessimism, of failure to see the bright side of this country's destiny. The whole substance and essence of the problem which we now face, and which has been described as the most obdurate and dangerous confronting our country, has been false optimism. Who does not remember the optimism that swept our Government in the early days of this century, an optimism out of which grew thousands upon thousands of miles of railway which to-day constitutes the wreckage under which we struggle? Who does not remember the intoxication of the twenties, led by that prince of all optimists, Sir Henry Thornton, under whose gay and garish leadership this enterprise, the Canadian National Railways, was sunk beneath \$900,000,000 of added debt in nine years? To those two cycles of optimism we owe the railway troubles of our time.

Ah! we are told, troubles of railways are universal; the United States have them, the Argentine has them, France has them, Britain has them. There is not one of those countries which has the situation we have. Not one of those countries had railway burdens at the early time we had them. We were in railway troubles before the area of the railways was ever invaded by truck, bus or any other form of new competition. The ordinary worries which beset industry overtaken by new competition beset railways everywhere. But there are more than those things to be overcome in Canada. This Dominion is tied by guarantees, by advances in scores, tens and hundreds of millions of dollars, guarantees and advances into which we tied ourselves because of the errors of those earlier years, and because of that intoxicating swirl in the twenties of this century. Those are the special troubles of Canada, and it is those which now we must attack.

We listened to the senator from Moncton and the senator from Montreal tell us things truly were not so bad. They got the cue from the senator who leads the House, who said that everything was just fine up to the end of the twenties. We were getting along so well up to the depression and, he added, if we just had 15,000,000 instead of 11,000,000 population we should be in a sort of railway paradise—our troubles would be over.

Right Hon. Mr. MEIGHEN.

I regard our situation as serious to a dark and portentous degree, and I do not regard it as any offset that we are able to borrow money cheaply to pay our deficits year by year. I can look around in this country at governmental units which not so long ago could do just the same, whose very facility of borrowing spelt the ruin in which now they wallow—units even to the dimensions of a province. Borrow, borrow—it was easy, and so they continued to borrow until now they are encompassed with the ignominies of repudiation and the shadows of shame. Their numbers would be far greater, even counted in provinces, if they had not had the reservoirs of this Dominion on which to rely—if there were not still a period within which we can borrow for them and borrow in abundance. We poured \$54,000,000 into the Canadian National last year. "But," we are told, "it is not much. Why, look at the taxes they pay, \$15,000,000 or \$20,000,000, taxes from the salaries of their officials! This thing really is not a deficit. Look at the service we get, and the Canadian National pay taxes to the towns." I heard some time ago that debt was not a liability at all, and I am hearing much the same to-night.

If we are to count services rendered as something returned, we had better add to our \$54,000,000 outlay the many millions more, hundreds of them, which we pay for those services.

But \$54,000,000 really is not the figure. That is the figure after the writing down that we have been engaged in in previous sessions. They tell us, "Oh, don't regard the Canadian National the way you would regard a commercial road, the Canadian Pacific or the New York Central. Much of this road was built to unite Canada and for colonization purposes." That assertion is true. But it is only two or three sessions since we wrote off what was attributable to colonization, and what was done to unite Canada. We wrote off the whole interest on it as well. We added a large measure of this write off to the debt of Canada instead of to the debt of the railways, and we added a whole lot more in a vague account called "proprietors' equity." Why, the total is about \$2,000,000,000. And we did all this under the assurance that it would reduce capital liabilities until we could look upon the Canadian National as a commercial enterprise. Now, after we have done so, we are told: "Oh, don't look on us as a commercial institution. Look at the pioneering we are doing around the Noranda mines, look at the pioneering we are doing into the once expected metropolis of Prince Rupert;

look at all these things." We are getting, every country is getting, these services from its ordinary roads. But we have to take this huge sum out of our taxpayers' pockets year by year, taking out more than all the individual income taxes of the whole Dominion. Still we have honourable members of this House telling us that we really have no very great trouble, that we are just marching with the rest of the world through the difficulties of railways! Why, honourable members, figure out the amount in cash that this Dominion has advanced to the Canadian National; never mind the building of the Transcontinental nor the Intercolonial; never mind these pioneer political roads at all; just think of cash advanced and count the interest we pay to-day out of the taxpayers' pockets on the cash we borrowed, and you have to add \$50,000,000 more every year as the cost to this country of the Canadian National Railways!

When I face that situation, five and a half years after we passed the Canadian National-Canadian Pacific Act, I ask myself, "Are we able to conclude we have solved the problem?" Can we honestly look the taxpayer in the face and say, "These troubles are behind us, the legislation is there, and all we need now is to give a little advice to Mr. Canadian Pacific President and Mr. Canadian National President"? Is there a man who sat in the committee through two sessions and who in the bottom of his heart has any belief whatever in the problem being solved if we do nothing more? He may find difficulties in the way of any new solution, but to say we have the job done seems to me simply to defy the plainest truth that ever appealed to the human mind.

Hon. Mr. DANDURAND: Every country is trying to find a solution.

Right Hon. Mr. MEIGHEN: I am talking about Canada. I got rid of other countries some time ago. Our problem differs from the problem of every other country on earth, and the reason it does dates from the false optimism of this Dominion long ago, led by many public men, including my honourable friend.

I intend now to inquire what hope there is of a solution if we depend upon the report of this committee, as sponsored by the leader of this House. If one seeks to put that report in one sentence, what is it? We were a committee commissioned unanimously by the Senate to find a solution for the "extremely serious" railway problem of Canada. "Extremely serious"; so described by this House, and so described with a fidelity to fact which no mind could possibly call in question. Such was our committee's assignment. What is its report? What solution does it offer? I say to everyone here, defying contradiction, there is

no solution offered. The country groaning under \$54,000,000 a year in direct outlay; \$50,000,000 more in respect of interest paid on advances to the road; the country, I say, groaning under this weight, and hundreds of thousands of people standing on our doorsteps out of work because of the consequent stricture of enterprise in Canada; and this committee tells us, "We have nothing to suggest but stay just as you are." In effect, the committee says to the taxpayers of Canada, "Stand and deliver; smile and swallow; grin and bear it." Such is the report which this House is asked to commend.

We are told that we have obtained something out of voluntary co-operation. Yes, last year we got \$1,135,000; precisely that and no more. And that was the fifth year of co-operation. If everything is granted and completed that has been agreed to up to this hour, we shall get \$1,771,000 at the end of six years. At this rate of progress, to reach even the modest figure of savings set by Canadian National officials will take us sixty years.

But that is not the worst. The situation disclosed by the evidence is that we shall never move more than a hair's breadth further; hardly far enough even to calculate. Did witnesses hold out any hope? They did not last session. They tried hard this session, but they did not succeed. I heard no words of hope. Some reason had to be found then by my honourable friend for resurrecting a flicker of hope for the future. What reason did he find? "There is that Canadian Pacific and its propaganda for unification. It did not want co-operation to succeed, so it balked co-operation. If we will just put our foot down on unification, then all will be fine, the Canadian Pacific will go ahead and co-operate, and we shall make our savings." Faith sublime! Did we not put our foot down on unification six years ago? We did. That was the ultimatum of Parliament; that was the declaration of leaders of both Houses. We went into the field of co-operation. Did we get anywhere? Did the idea of unified management die?

Is it a fact that the Canadian Pacific balked co-operation? The report as drafted first by the leader of the House said it was; but when it was called to his attention that there was not a sentence, not a breath of evidence to support such a contention, the report was changed. There was no suggestion from Canadian National witnesses that there was any failure on the part of the Canadian Pacific. No more was there a suggestion from the Canadian Pacific that there was failure on the part of the Canadian National.

There were read to the committee, out of the annual report of the Canadian National Rail-

way Company for 1934 and 1935, the words of its president, that failure to proceed farther than they did was not the fault of anyone, but was inherent in the very situation. Still honourable members will say to this House, "Just tell the Canadian Pacific to stop flirting with unification and it will come back and we shall have fine co-operation." Until you can fix on the Canadian Pacific responsibility for delay, you have no right to make such a statement—and you have not fixed it, and you cannot.

Thus this House is to be led to say, "If we will only declare that unification is no more, then the Canadian Pacific will abandon its hope"; its alleged resistance will cease—a resistance which all the evidence shows has never existed.

We are told that the railways could have enforced co-operation and did not do so. That is true. And the reasons are just the same as the reasons why they got nowhere on voluntary co-operation. These reasons were agreed to by every witness. Every time you nailed him down to particulars the witness said, whether he was from one road or from the other: "We have a different objective from the other road; our interests are distinct. We want the problem solved one way because it will best help our road when you get beyond the area of co-operation. We do not want to bear the big end of the burden; we do not want to get the light end of the reward. Our interests are diverse. We are competing, fighting each other for business, therefore we have this balancing of burden and advantage, and it takes us years." Is not the answer clear? Until you get rid of the diversity of objectives you will never get rid of the impediment to progress.

Let me repeat. The reason was exposed clearly by witnesses from both sides as inherent in the very situation, and they did not hold out hope that serious progress could be made. "If we could only keep on," they said, "we think we might get so many million." They did not venture to mention over ten million; they never even expressed the belief that they would ever get to ten million. But still we are told that by co-operation we can hope to solve the railway problem of Canada.

Now I come to the more masculine report presented so ably by the honourable senator from Montarville (Hon. Mr. Beaubien). We who agree with that report felt that we had no right to be forgiven if we came to Parliament without a recommendation as to the best means to be employed to relieve the country of its burden. In order to find such a means, surely it is not necessary to show that the whole burden must go, or none. Surely it is not necessary to show that the whole

burden must go, and go quickly; to show, as one honourable senator put it, that there is some magic remedy which can be applied. There is no magic remedy in this world of affairs! There is no magic remedy for anything. For the ills we suffer by reason of our own sins there is no remedy but toil and straight thinking. I am in unison with every honourable senator who says that from the whole burden we have brought upon ourselves we can never escape. Possibly, had this revolution in transportation not come upon us—it has been coming for fifteen or twenty years—there might have been hope. Now there is no hope. All we can do is the best we can; all we can do is remove every ounce of the burden that is within our control. The fact that it cannot all be thrown off is the greater reason for lifting whatever we can, and starting as soon as we can.

I am going to inquire for a time whether the principle advocated by the report embodied in the amendment can reasonably be expected to lead to relief, and if so, how far and in what length of time. Later I am going to inquire whether in the attainment of that relief we are paying a price in another way that subtracts from or cancels the value of the relief.

On the first point one would not think the onus should be difficult to discharge. I pass to the side for the time being objections to so-called monopoly. These I will deal with later.

Leaving these aside, it should not be hard to establish that you will get tremendous savings by unifying two roads in the way of management. Surely no business man needs to be convinced. He may feel, as a citizen, that he does not want monopoly. That remains to be argued. But the question as to whether you can save money does not need to be argued. The honourable senator opposite me (Hon. Mr. Dandurand) has said time and time again that in that way you will save most, and save it most quickly. I do not know why he signs a report which says you will save just as much in another way. I am sure he does not think so.

I pause to correct the honourable senator from Moncton (Hon. Mr. Robinson). He said we did not have evidence of savings from unified management; that what we had was evidence of savings from unification. In some way in his mind this unification is mixed up with property amalgamation. I do not care what you call it—unified management, unification if you like—it is management by a single board. Such is unified management. It is not amalgamation. Amalgamation has different implications altogether. Once you come to amalgamation of the physical properties of

two systems, then there arises a mutuality of obligation. It cannot be avoided. But unified management involves no mutual obligations of that kind at all; it is merely a system of managing two as one.

Hon. Mr. MURDOCK: Does not the dictionary define them in the same way?

Right Hon. Mr. MEIGHEN: Fortunately, for simple words I do not need a dictionary.

Hon. Mr. MURDOCK: That is a very smart answer.

Right Hon. Mr. MEIGHEN: It is the right answer.

Hon. Mr. MURDOCK: The dictionary describes them as the same thing.

Right Hon. Mr. MEIGHEN: Call it what you like, it is unified management we recommend; and I know what it is, and so does the honourable senator from Parkdale. It is not amalgamation of properties.

The reason one starts from a position of advantage in showing that savings flow from unified management is that it has been a matter of experience all through the history of business that when you have unified management you can immediately get rid of duplicate services. While you have competition it is the hardest thing in the world to do so, because those duplicate services are the very services that compete. Until we get rid of duplicate services, unnecessary services—

Hon. Mr. DANDURAND: Then unification begins.

Right Hon. Mr. MEIGHEN: The honourable member wants to get me away from my point. I am coming to his bogeys in a few minutes. I do not take these fears of the honourable gentleman very seriously; they were born too recently. In the past and best years of his manhood he never had them at all; they are the outgrowth of certain political nightmares of the last few months.

Hon. Mr. DANDURAND: I beg your pardon.

Right Hon. Mr. MEIGHEN: I do not take them seriously.

You can have unification of control and operation without amalgamation. I stand here and say this. I have never seen an instance of unification of management, or, for that matter, of amalgamation of two great enterprises fighting each other in the same field, where tremendous savings were not made. It can be objected to on other grounds; for instance, it can conceivably be objected to on public grounds; but to say that it will not save money is simply to deny the dictates of common sense.

Hon. Mr. DANDURAND: Nobody says that.

Right Hon. Mr. MEIGHEN: Of course not. And until my honourable friend brought in his report nobody ever suggested that as much money could be saved in any other way as by unification. Only through that singleness of objective which comes from a common purse can the utmost savings or any worthwhile savings be realized.

It was contended by Canadian Pacific witnesses that aggregate economies of \$75,300,000 were possible under unification if business returned to the scale of 1930, which they thought was an average year. I do not agree with them, for I think 1930 can be regarded as far above an average year, speaking as from the present time. But I cannot agree with the statement that they failed to substantiate their estimate of economies. In fact, I do not regard arguments of Canadian National officials as meeting the case in any way. The methods adopted by Canadian Pacific witnesses were certainly thorough and impressive. There were twenty-one committees dealing with every phase of railway operations over a space of months, checking and rechecking one against another. These committees, composed of officials of high standing, conducted their studies in a serious way, carrying out the suggestions made by a commission with whose objects they had the utmost sympathy. And the figures arrived at by these committees are lightly described to us by some honourable members as "theoretical." I should like to ask what is meant by "theoretical" savings. It is an easy thing to trip an adjective off the tongue, but is it suggested that railway officials of the type of Mr. Neal, and of various other gentlemen who came before us, were putting something purely imaginary before the Duff Commission and before ourselves? What in the world would they have to gain by that? Were they not able to support their estimates before us? I do not know of any important impairment of their testimony.

I know of general attacks upon it from different angles, and I will deal with them in a moment. Those economies were made up of a vast array of elements; savings in the amalgamation of head offices, savings in reducing supervisorships from two to one over the whole range of railway operation, savings in maintenance of way and structures—those savings aggregated alone about \$14,000,000—savings in maintenance of equipment, estimated at another \$14,000,000, and they were established, dollar for dollar, all along the way. Then there were savings in accounting, savings in unification of hotel and steamship operation, and, most of all, under the head of transporta-

tion, where the advantages of shortest and cheapest routes come into play, advantages which cannot be obtained except under a system of unified management. There were also savings in respect of delivery of empty cars. We were given a picture of empty cars running east on the lines of one road, while another stream of empties ran west on the other road. This would be avoided under unification. And there would be savings in the redelivery of empties to American roads, in consolidation of trains, by having cars fully loaded instead of half loaded. All these things are made possible only if the two systems are operated under joint direction. Further savings in seven figures were estimated from unified management of express and telegraph offices.

Estimates were presented under these various headings, and there was no difficulty in understanding them. That vast savings would result from unification was made abundantly clear.

How were these estimates attacked? First, it was said that a lot of reductions in expenses had been made already. Canadian National witnesses—chiefly Mr. Fairweather—said, "Our expenses are \$47,000,000 lower than they were in 1930, and this reduction cannot be made over again." In that statement those witnesses persisted, unless one cornered them pretty closely. But the fact finally emerged that savings made by a single road are entirely or almost entirely distinct from savings possible under unified management. For instance, there can be no avoidance of duplication by a single road. It was shown that out of the \$47,000,000 only about \$4,000,000 was included in the estimated savings under unification. And while it was admitted that the estimated savings should be reduced by that \$4,000,000, it was also established that there was an additional \$9,000,000 of practicable savings which had been omitted from figures submitted to the Duff Commission; so the original estimates to that commission were left intact and unimpaired.

A second ground for attack upon the estimates was that the unit costs of the Canadian Pacific Railway would not apply to Canadian National operations. In this new document which was handed to my honourable friend opposite (Hon. Mr. Dandurand) and which he presented to the House, Canadian National officials lightly toss aside \$20,000,000 of estimated savings as due to wrong application of unit costs. May I discuss that for a moment? One of the main methods employed by Canadian Pacific officials and accountants was this. They took the costs of a unit of railway operation in respect of, say, express trains, or freight, or car repairs,

Right Hon. Mr. MEIGHEN.

or locomotive maintenance, or right-of-way maintenance, and applied that over the united system, and, comparing their total with existing totals under separate management, thereby showed that savings could be made in respect of those various items. Canadian National officials say, "It is not fair to apply Canadian Pacific unit costs to the Canadian National, because our density of traffic is less, our conditions are different." The Canadian Pacific made an answer, to which the Canadian National obdurately refused to refer. That answer was this: "We are not applying our unit costs to your road. We are not impugning the efficiency of your management"—and they never did, though they made no admissions that it was as good as theirs—"we are only seeking to apply our unit costs to a new system composed of both roads."

Hon. Mr. DANDURAND: But covering the Canadian National.

Right Hon. Mr. MEIGHEN: Certainly. But that is far different from saying that the Canadian Pacific could apply their unit costs to the operation of the Canadian National as a separate system.

Hon. Mr. DANDURAND: And they could not.

Right Hon. Mr. MEIGHEN: They never said they could. All they did was to apply their unit costs to the combined system. If the Canadian National had the same density of traffic as the Canadian Pacific, and there were an equality of other conditions on both roads, then unification would result in lower unit costs over the combined system than those now applicable to the Canadian Pacific alone. That is only reasonable, because the more business you handle the lower your unit costs must be. But the Canadian Pacific said: "Admitting that you have a more expensive road to operate than ours is, we feel that reductions in expense consequent upon unification would result in unit costs for the combined system as low as those at present applicable to our own separate road." I ask honourable members if that is not reasonable. Is there anything in the way of a boast there? At least the reasoning was never afterwards attacked. Yet my honourable friend asks the House to deduct \$20,000,000 from estimated savings because Canadian Pacific unit costs are not applicable to the Canadian National.

It is true that in certain minor particulars the Canadian Pacific's estimate was found to be erroneous. In the aggregate those errors were small. They were atoned for by other economies shown to be practicable, though their exact figures could not be calculated.

All these things only went to establish what should have been obvious from the beginning, that savings of the largest conceivable order, larger far than by any other means, could be made by union of management of the two systems.

Now the leader of the House says, "Well, we are going to get these by co-operation." I have discussed the prospects. I do not think that even in his own mind he believes they are real—though I do not like so to allege. I cannot see how anybody could sit through the meetings of our committee and seriously expect results. But suppose we do. Let us concede for a moment that nearly all of these economies we shall get by co-operation. Let us reason along that line and find out what is the consequence.

I digress for a moment. Be it remembered that an adroit politician, this same gentleman, Mr. Fairweather—whatever he is as a railway man I do not know—laid before Sir Henry Thornton in 1931, and subsequently before the Duff Commission, estimates of savings of \$59,000,000, on the basis of 1930 traffic as resulting from unified management. It is true he added a rider. I do not know when he added it, but I have a suspicion that it was pretty late.

Hon. Mr. DANDURAND: Oh, no.

Right Hon. Mr. MEIGHEN: All I know is that it is in exhibits of the Duff Commission.

Hon. Mr. DANDURAND: Yes.

Right Hon. Mr. MEIGHEN: Of all the senseless things I ever read this rider is the worst. He gave an estimate of \$59,000,000 of savings and then added a rider saying you could not get those savings. It reminds me of a report made years ago, during the South African war. There was a long, circumstantial account from a distinguished soldier of the capture of 200 Boers by the exercise of outstanding bravery, and then there was a postscript saying, "The Boers escaped." Of just the same quality is this testimony of Mr. Fairweather's. "Oh," he said, "I did estimate for the Duff Commission savings of \$59,740,000. I made it up dollar by dollar. I went to terrific trouble. I had eight technical assistants and thirty clerks and we worked at it day and night for months. We had access to the Canadian Pacific Railway and the benefit of all their organization. We did it on the instruction of the chief of our road for the Duff Commission, and we showed detail by detail, \$59,740,000. But really we could not save that sum. It was all 'theoretical,' it was all in my imagination, and I put a rider to my report saying that while these figures are an estimate of savings, they are savings we can-

not make at all." Such is Mr. Fairweather. I think that "theoretical" idea was an after-thought which occurred when the plans of himself and Sir Henry Thornton had changed.

I will tell you something more. The same Mr. Fairweather before the same commission estimated \$35,000,000 as savings from co-operation. And he did not attach any qualifications to that estimate. He did not put in a rider saying, "Those figures are 'theoretical'; they are savings that might be made if you had a docile public and a servile staff." He did not say anything of the kind. They were definite savings which he estimated as capable of being achieved by co-operation. Does anybody question my assertion that they were given to that commission without qualification? I want to know on what evidence the Duff Commission reported in favour of co-operation. They reported in favour of it, I think, mainly on Mr. Fairweather's evidence. If they did not, I do not know on what they based their report. There he stood committed to that \$35,000,000.

Where does he stand to-day? Before our committee he whittled his figure down to \$10,000,000, and then he did not express any belief that we could get it. He told us it was only a guess. And this is the evidence upon which the honourable leader of this House hangs his report to Parliament! To the Duff Commission Mr. Fairweather gave a definite, unqualified estimate of \$35,000,000 based on his good faith and his reputation; to our committee he estimates \$10,000,000, and then he tells us it is only a guess.

Now—to revert—we will suppose that you really can achieve \$35,000,000, or whatever you want to make it, by co-operation. Think a moment! What are these objections to unified management? We are told that men will be thrown out of work. "They will lose their jobs," says the senator from Moncton. Fewer supplies will be bought, and therefore there will be less sales tax. There will be disturbance by closing a station in some town and using another one hundred feet away. All these terrible calamities will befall our country. "Therefore," declares the senator from Sackville and the senator from Montreal, "let us get these things done by co-operation."

Hon. Mr. BLACK: The senator from Sackville is Hon. Mr. Copp. He is not here.

Right Hon. Mr. MEIGHEN: Let me inquire of the senator from Montreal, who is here. If this same thing is done by co-operation will not the men lose their jobs? Will there not be less material bought and therefore less sales tax paid? If two stations are merged into one by co-operation, instead of by unified

management, are they not afterwards one rather than two?

Let us proceed along that line. Get your \$10,000,000 or \$15,000,000 or \$20,000,000, and what have you done? Just as far as you go, every man is out of work who would have been out of work if you had done so by unified management. Every reduction in purchase is made, every line is abandoned, under co-operation as under unification. All these things which have been pictured as terrible calamities will happen just the same if you get results by co-operation. Oh, no, they will not all happen. You will still have two head offices, both filled with high salaried men, you will still have your Fairweathers and your Hungerfords, and all the flocks around them, but others will be gone. "As long as you proceed by the route of co-operation we are satisfied," say Mr. Fairweather and Mr. Hungerford, though the same things precisely result as result from unified management. "Ah, but you don't hurt us. Go ahead and produce all these so-called calamities, bring them all upon our heads, but don't invade the precincts of the supervising officers. Throw Jim out as a wiper, throw Jack out as a checker, but keep your profane hands off our velvet chairs, and then we shall be happy and satisfied."

Just think of the position we are in! Go if you can the whole length along the route of co-operation that you can go under unified management and you will have thousands upon thousands of men employed on pool trains, in unified express and telegraph offices and the like, half of them under the charge of one set of head office men, and the other half under another set, and both doing the very same work. Can you think of a monstrosity like that? Can you picture such a hydra-headed monster in the realm of business? One long body and two heads! It is beyond conception. So I say, if for a moment you hope to get worth-while results from co-operation; much more, if you hope, as your report says, to go the length you would get under unified management, you have brought upon the country everything that you have pictured as dire calamity if done by unified management, but you maintain a double-headed institution, with two bosses, two authorities over the same job and the same men.

Surely I have gone the length of showing that you get results by unified management. I hope I have shown—I did not need to do so for those who attended the sittings of our committee—that you will not get anywhere worth reaching in this other way, and that the likelihood of your even moving may just as well be forgotten. I have shown further that if by any chance or miracle you do get any

distance along this road of co-operation you are vulnerable to all objections and exposed to all disasters that you in your imagination have painted as awaiting us under unified control.

There is the bugbear of abandonment of lines. It is hard to order one's thoughts consecutively and make at the same time a reply to speeches immediately preceding. Certainly my attempt is imperfect. Abandonment comes under the same general argument as everything else, but, to listen to honourable senators who want to get a vote against unified management and the saving of money, one would think that the whole problem revolved around abandonment of lines. The honourable leader of the House said, and I was surprised to hear him, that if we did not abandon lines we had to take \$16,000,000 off the Canadian Pacific estimate of savings. That is not true. The \$16,000,000 includes far more than mere savings from abandonment. Without abandonment at all you make substantial economies by directing the great bulk of traffic over another line, leaving only perhaps local traffic, and therefore you have a reduced standard of maintenance. Only \$7,240,000 of that \$75,300,000 is attributable to abandonment of lines. You could get all but \$4,000,000 if you did not abandon more than the Canadian National officials themselves admitted was justified to be abandoned. If you did not abandon a single line at all, you would only take your savings down by 10 per cent or \$7,240,000.

Some persons thought of abandonment of lines as something that could happen only under unified management. Unless we use our heads and common sense, abandonment of lines is a lot closer to this country than honourable members would like to think. They talk of these pioneer roads being torn up. No one suggests such a thing. We must keep our pioneer roads in operation on the Canadian Pacific as well as the Canadian National. Maybe they show a loss on the books, but they feed the main lines. Those pioneer roads are needed by the men who have settled along them. But if you do not do something to bring rationalized business methods into our railways you will have to close down those very lines. What is proposed by unified management is not the abandonment of pioneer lines that serve the farmer, the miner and the fisherman, but the abandonment of duplicate lines, lines which double over each other and are still continued because they belong to competing concerns. The leader of the House says the Canadian National is making money out of one or more of these roads. So it is. But does that prove they are any good? Suppose you have two lines paralleling one another for five hundred miles, one Canadian

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Pacific and one Canadian National. It may be that both are making money, but they are each fed by many branches which show a loss. You no more need both of those five-hundred-mile lines than a coach needs a fifth wheel. If you are not ready to make that saving, if you keep on throwing money away and doing no good to anybody, then you are going to have to abandon lines you really do need. You are going to bring your railways into a position where they cannot afford to operate most vital branches in sparsely settled country. If you want to save for the pioneer the road that reaches him you must make your saving in more thickly populated areas where duplicate services are crowding on top of each other, where there is an unproductive expenditure of energy and of capital.

If there is anything in the world we should desire, it is to pursue such a course as to be able to operate essential services, and not just foolishly squander because it is easy. If we so persist we shall bring ourselves into a position where we cannot operate lines which my honourable friend says are so vital.

I have not any doubt at all that some day economic law is going to compel the efficient management of our railways and the discontinuance of waste. When that day will come I do not know; but that it is sure to come there is no question in the world. I hope it comes under management where substantial private interest still remains, and therefore where business methods are ensured. I hope it comes under such management that the dangers and evils of government operation cannot supervene.

I do not speak these words with any pride. I never had consummate faith in government operation. I was convinced years ago, and rightly, that we had come to a time when, as mortgagees of many roads in distress, we had to take them over and try our hand. We had no other course open to us. I must not be drawn into a long discussion of our reasons. We were mortgagees and creditors, or we had guaranteed their bonds. We might have wiped these securities out by a receivership, but if we did so we wiped out ourselves.

I have seen government operation in several spheres, and my convictions have been reinforced. There are often advantages of unification under government operation. They have these in the Hydro Electric System of Ontario. But do not let anyone think the benefits of that great system are due to government operation. They are not. Much duplication of services and waste are avoided because it is a united system—that and nothing else. I have had enough of government operation. My honourable friend from Vancouver (Hon.

Mr. McRae) says he has not given up his faith. He says the Government can find men capable of managing a business of this magnitude in an efficient manner. I ask the honourable senator if he thinks our business is operated that way now.

Hon. Mr. McRAE: No.

Right Hon. Mr. MEIGHEN: No, and the honourable gentleman does not need to look very far back to be sure it has not been operated in that way. He says, "Put these men in where they cannot be interfered with." I would remind him that even so, all you have to do is to pass a new Act and repeal the old one, and they are gone. Do not tell me you can operate a railway with ministers of the Crown directing its policies from by-election platforms. Do not tell any business man that. Do not tell us that a directorate is running the Canadian National Railways. It is not. "Vote for our candidate," say cabinet ministers from the hustings in Montreal, "and we will climb into that hole on Dorchester street and rear upon it a palace." Eleven months afterwards the directors of the Canadian National meet together and say to themselves, "We will answer our master's voice," and dutifully they pass a resolution. Business operation of railways! Says a minister of the Crown: "Do not bother about the Canadian National-Canadian Pacific Act calling for co-operative terminals, pool trains and the like; do not bother your heads about those things. We need to win this election. Vote us into power and we will borrow millions on public credit and out of holes we will make stations, no matter what that Act may say."

Do not talk to me of business operation. I could point right at this hour to some things which would very quickly erase such a conception from one's mind. Wipe away, as we have done, all the capital contributed in any way except as investment for the purpose of interest; do all that: it is already done. Last year they did not even earn taxes or rent of equipment, though our leader's report says they did. His report says that all they went behind was the amount of interest on money invested by the public. That is not so. Outside of that altogether, they went behind in seven figures. In addition they earned not a cent of interest on money put in by the public for railway purposes. Do you tell me a road which cannot earn a nickel upon that basis in the year 1938 is a well managed road?

I should not care if the Canadian Pacific had said nothing. There is other evidence enough to show the Canadian National cannot now be run in the way in which it must be run if the country is to be saved from bankruptcy. We are on the downhill slide.

We are told it is better to have all these things than monopoly. The bugbear of monopoly is held before us. I know many people are fearful of monopoly, but I do not think it is the duty of honourable senators to endeavour to inject into the public mind something that does not appertain to railway monopoly at all. Surely it is our part to lure on to brighter, saner worlds, and lead the way. Who is afraid of a monopoly controlled by the country? We are told competition will be gone. When the Canadian National Bill was before us the honourable gentleman (Hon. Mr. Dandurand) was not afraid of the disappearance of competition. Is there any competition in a real sense now?

What have we to fear? Service has to be up to Transportation Commission requirements; fares must be dictated by them; every form of service to the people—railway stations, trains, everything else—is under the supervision of the nation through its commission.

Who should be afraid of monopoly? Monopoly in transportation? We know that vast areas of the country never have had anything but monopoly, and they have not suffered at all. People there get just as good service as people who are situated in the midst of duplication.

But is there not competition enough? New competition has arisen; old competition has been reinforced. New competition has arrived in the form of buses and trucks and motor cars—a keener competition than that of any rival railway. Never fear we are going to lack competition. Unless we get our railways into a sounder economic condition than they are in now, they can never meet the competition they already have to face. Even water competition is more severe than ever before.

The leader of the Government tells us that everything was fine at the end of 1929; that what we need is more population. "Give us four million more," he says, "and all will be well." Sometimes in his speech he forgot the evidence; once he even forgot his own report. What will he find if he reads it? He will find that the door of hope he opened in his speech is closed. He told us in his report that in 1923, when we had nine million people in Canada, our railways had far more business than in 1937, when we had a population of eleven million. Though our population had gone up by two millions, the business of the railways had gone down 26 per cent. If he will consult the figures of 1938 he will find the population had gone up since 1923 a great deal over two millions, and the business of the railways had gone down 30 per cent. Passenger business had gone down by at least 50 per cent. Now, if an increase of population

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of over two millions means a 30 per cent reduction in business, how does he reason that an increase of four millions in population will mean a 40 per cent increase in business? The honourable leader, as I have said, not only forgot the evidence, but he forgot his own report.

Lastly, he says he is afraid now of unified management because, if it is to be adopted, the next thing we know we shall have amalgamation of the two roads, under Government ownership. I should like to look into that for a moment, just to see how real the bogey is. We have taken over roads before, I admit. We took over the Canadian National, the Grand Trunk, and that precious conception, the Grand Trunk Pacific. Why did we do so? In all cases, because the roads were bankrupt, and we had to operate them, or thought we had to. Does anyone suggest we took them over for any other reason?

Hon. Mr. DANDURAND: We should have allowed them to go into receivership.

Right Hon. Mr. MEIGHEN: If the interruption has any pertinence, the honourable gentleman can let the Canadian Pacific go into receivership, and not take over that company. If it would have been prudent to permit receivership in the case of other railroads, where we were guarantors and stood to lose by their liquidation, surely it would not be necessary in the case of the Canadian Pacific, where we are not guarantors. So what is my honourable friend afraid of?

Hon. Mr. DANDURAND: The Canadian Pacific is not in a bankrupt position to-day.

Right Hon. Mr. MEIGHEN: Of course it is not. My honourable friend is not afraid of its bankruptcy. Then, why does he fear that we should have to take over the Canadian Pacific? We have never taken over a road unless it had become bankrupt.

Hon. Mr. DANDURAND: Does my right honourable friend want amalgamation under state ownership?

Right Hon. Mr. MEIGHEN: Of course I do not. But I fear that may happen unless we do something sensible. I am not going to predict that the Canadian Pacific will go downhill unless we do something, but I ask honourable members seriously to pause and reflect. In the past some things have happened which we did not expect would happen. I know the Canadian Pacific is a well managed road, that its name is almost synonymous throughout the world with the name of Canada, and that it has been the major contributor to our country's greatness. But in this world of men nothing is so well

managed that if it is compelled to operate on a wholly unsound basis it will be in no danger of insolvency. If my honourable friend wants to avoid the calamity of government ownership and operation of the Canadian Pacific, the way to do it is to avoid the danger of bankruptcy. Just acquiesce in the continuance of policies which mean unnecessary waste to the Canadian Pacific, to the Canadian National and the whole country, and you help to push not only the nation, but its greatest property, the Canadian Pacific, along the road to destruction. That danger can be avoided by taking sound courses, which reduce costs without curtailing services. Get rid of duplication, cut out the wastage of tens and scores of millions, and you will avoid the approach of insolvency and the peril of government ownership.

We all know there are economic laws which no man or group of men and no country has ever successfully defied. We may impede their operation, if we are foolish enough, but we shall have to pay the price; we may ignore them, if we are stupid enough, but they will sooner or later grind us to powder. It may be important for some to watch and to seek acclaim by echoing the moods of the populace, and to forge their opinions in the light of what they think the people like. But surely that is not the duty of the Senate of Canada! Surely if we have one function it is to point the way and try to advance public thinking toward settlement of business problems on business lines. What we have in front of us is nothing but a business problem. If the Senate of Canada is to disregard its duty—and I say with reluctance that this session we have made in that respect a more sorry performance than I have ever seen before—then let us retire from these seats of emolument and dignity, and let us go back among the masses of our people, whom we are always ready to load with burdens, and always eager to flatter and cheer, but whom we fail to serve.

Hon. Mr. MURDOCK: Honourable senators, I would move adjournment of the debate.

Hon. Mr. DANDURAND: Would my honourable friend permit me to speak? I have already spoken on the report, but now I wish to discuss the amendment moved by my honourable friend from Montarville (Hon. Mr. Beaubien), and anyone who wishes may follow me.

Considerable ground has been covered by my right honourable friend opposite (Right Hon. Mr. Meighen). I will deal first with the latter part of his speech. He does not want to see the Canadian Pacific slipping gradually into bankruptcy. He has heard my hon-

ourable friend from Vancouver (Hon. Mr. McRae) say that last year the Canadian Pacific's railway operations proper resulted in a deficit, and he fears for the morrow. So he urges that we proceed in such a way as to prevent the Canadian Pacific from going down grade—

Right Hon. Mr. MEIGHEN: And ourselves.

Hon. Mr. DANDURAND:—and at the same time to protect ourselves against amalgamation and the monopoly of state ownership of railways. If my right honourable friend is sincere—and I do not doubt that he is—in affirming opposition to state ownership and railway monopoly, I would tell him that unified management, which he favours, would inevitably lead to unification, and ultimately to amalgamation. If there had to be amalgamation, my right honourable friend would prefer that it be under private control rather than under the State, but I think I am right in saying that the country at large would not agree with him. It is safe to say that the public are not at present disposed, nor will they be disposed in the near future, to confide control over 42,000 miles of railway, nearly \$300,000,000 of annual expenditure, and 150,000 men—who would represent probably 150,000 families—to a small group of citizens, however select.

I have had experience in observing the administration of large railway systems, and I know something of what their influence in the country is. I feel it to-day in the propaganda which is being carried on in Canada from the Atlantic to the Pacific by one of our railways, the Canadian Pacific.

Right Hon. Mr. MEIGHEN: Control over the whole thing is in the hands of a very few men now.

Hon. Mr. DANDURAND: The private institution known as the Canadian Pacific Railway is in the hands of an executive of its shareholders. We have nothing to complain about as to that. But the Canadian National Railways are administered by a board appointed by the Government and under the supervision of Parliament.

My right honourable friend urges that if we want to save the country and the Canadian Pacific Railway from disaster, we should put both railway systems under unified management and thus reduce administration costs. The Bennett Government came into power in 1930 with the slogan "Competition ever, amalgamation never." To that slogan the people had responded—

Right Hon. Mr. MEIGHEN: "Amen."

Hon. Mr. DANDURAND: —affirmatively. Then the Bennett Government appointed the Duff Commission, which recommended that competition between the two railways should be as far as possible eliminated, but that there should not be amalgamation. In its report the commission suggested the pooling of trains, the placing under one management of telegraph companies and, likewise, of express companies, and so on, which suggestions I referred to in my speech yesterday.

The Canadian National-Canadian Pacific Act of 1932-1933 was based upon that report. Now I look at the mandate which was given both railways by that Act, and I ask why they have not co-operated as we expected them to do. Between 1933 and 1935 the Bennett Government were able to supervise the operation of that Act. They did very little to set up the organization provided for in the Act. Be that as it may, my right honourable friend has been repeating the statement of my honourable friend from Montarville (Hon. Mr. Beaubien) that for six long years nothing has been done. Something has been done, but the railways went about it very slowly. It is only during the last few months that our committee found they had agreed to the principle of pooling all competitive passenger trains from the Atlantic to the Pacific. This is a decided step forward.

It may be asked why they have not agreed to go faster towards executing the mandate imposed upon them by the Act of 1933. They were directed to work together in harmony and try to eliminate competition as far as possible in order to bring about savings. But while they were trying to co-operate, the President of the Canadian Pacific was going from one end of the country to the other declaring that the only solution for the railway problem was unification. My right honourable friend says, "You have no evidence that there was any dilatoriness on the part of the Canadian Pacific with respect to co-operation." Well, President Hungerford last year, and again this year, said that if there was earnest co-operation on the part of the railways, and the campaign for unification was discontinued, there could be results.

My right honourable friend says there is danger that conditions may become worse and that the Canadian Pacific may face dire consequences. I put this question to my right honourable friend: Is it not the first and most imperative duty of the board of directors of the Canadian Pacific to attend to their own salvation? If it is, and they are told that the country does not accept unification or amalgamation, and they must work out their own salvation under the Act of 1933, I submit that

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on the basis of what has already been done under co-operation the Canadian Pacific can improve its situation considerably. I admit it is much easier to obtain results under unified management, amalgamation or monopoly, because in that case there is but one administration. However, as the country is not ready to-day to hand the two railways over to private management, as the trend is all the other way, I repeat, let the board of directors of the Canadian Pacific work out their own salvation under the 1933 Act.

There may be need of compulsion on the part of the Government, and, if so, I think the statutory powers should be invoked. Undoubtedly line abandonments can be brought about under co-operation, but in many instances efforts to that end have been blocked by the Board of Railway Commissioners, now the Transport Board. Substantial economies can be effected by the reduction of car and train miles and by the consolidating of stations, yards, terminals, locomotive and car shops and various activities. All this can be done under the Act of 1933. The sole reason for the dilatoriness is that there was not the will to co-operate. I will not place upon the Canadian Pacific responsibility for this tardiness, except to say that Sir Edward Beatty did not believe in co-operation and continued to offer the public his own nostrum of unification. In these circumstances it is easy to realize the atmosphere created in the administration of the two railways.

To-day Sir Edward Beatty again comes before the Senate with the hope that we shall give some impetus to his movement for unification. I feel the Senate should hesitate to do so, for I am confident it would only lead us into a blind alley. If the Canadian Pacific can get a majority of honourable members to declare that Sir Edward's nostrum is the best solution, then he will continue his campaign and will not utilize the Act of 1933 as it should be utilized. I am quite sure, however, that if the Canadian Pacific will turn towards co-operation under the Act of 1933, considerable savings can be effected.

My right honourable friends suggests that all the ills which would flow from unification as set out in my report would also flow from co-operation. There is not a word about this in the report.

Right Hon. Mr. MEIGHEN: Of course there is not. The report would not be accepted if you told the truth.

Hon. Mr. DANDURAND: All the same, I have urged that we should proceed under co-operation.

Right Hon. Mr. MEIGHEN: Yes.

Hon. Mr. DANDURAND: Of course a number of employees would be laid off if certain economies were put into effect. We have recognized our responsibility to such employees by passing a Bill to provide for compensation. That Bill is now before the House of Commons. This indicates our willingness to accept the consequences of co-operation. I repeat, the things which the Act of 1933 indicates as being desirable to be done by the two railways, and which I enumerated yesterday, would enable them to bring about considerable savings. It is the duty of the Canadian National to lead the way in this direction and request appointment of arbitral courts. My right honourable friend asks what co-operation under the Act of 1933 has produced. I admit the procedure was slow and that it has not produced very much, but in this connection I find in the report contained in the amendment which the honourable gentleman from Montarville moved yesterday this paragraph:

That such unified operations as have in a very minor way been put in effect in respect of our railways have already shown large percentage reductions. In the case, for example, of the pool trains, there has been shown an operating saving of 33 per cent, though such pool trains still carry the waste of duplication in terminals, yards, etc.

What is the conclusion to be drawn from that paragraph of the report signed by my right honourable friend? Surely that this is a very good example of what is possible under co-operation when there is a willingness to co-operate earnestly. Why should the two railways not continue to obtain greater results by enlarging that programme of co-operation? I am not surprised to find that as a consequence of the results obtained under this experimental pooling the two railways have come to the conclusion that they should pool all their competitive passenger trains; and this conclusion is all the more natural when, as we know, their passenger trains are mostly in the red. Other savings can be effected all along the line. For instance, they can obtain running rights and similar co-operation in many fields.

I think the Canadian Pacific will resign itself to further co-operation. The Canadian National, as I have said, is under the wing of the Canadian people, and the Canadian Pacific is desirous of forming a partnership which will bring it under the financial umbrella of the Dominion Government. The Act passed by the Bennett Government indicates what course should be taken if the Canadian Pacific fails in its attempt to bring about unified management. In these circumstances I wonder if we are not doing the wise thing

by telling the two railways, "You have not done what should have been done under the Act of 1933." As a matter of fact they failed to utilize that Act. No one could say which, the Canadian National or the Canadian Pacific, had blocked the way and was responsible for the smallness of the result. We have all been disappointed. The country at large has been disappointed. I hold the Canadian Pacific responsible by reason of the fact that it carried on a campaign of propaganda to show that co-operation was a failure. Otherwise how could Sir Edward Beatty carry on his propaganda? I think this is very logical.

My right honourable friend took upon himself the responsibility of saying that the Canadian National was not administered as it should be; that it was a state-owned railway and under the influence of the Government and of ministers. The only evidence he brings forward to establish his affirmation is his statement with regard to the Montreal terminal, which was started in 1929, suspended in 1931, and started again a few months ago. An effort was made to bring the Canadian Pacific into the picture, and I must admit that I said I would not allow the Canadian Pacific to intervene in this domestic matter of the Canadian National. I did not say that the committee could not examine witnesses and go into the question of the terminal or the advisability of continuing its development. I said it was a matter for the committee, not a matter for the Canadian Pacific Railway.

Right Hon. Mr. MEIGHEN: We could not hear from the Canadian Pacific; we could only hear the other side: that is what you said.

Hon. Mr. DANDURAND: I denied to the Canadian Pacific the right to say what form the Canadian National terminal in Montreal should take.

Right Hon. Mr. MEIGHEN: You would not let them give evidence.

Hon. Mr. DANDURAND: Certainly I would not. My honourable friend said we should hear the other side. I said, "What other side?" and my right honourable friend did not answer.

Hon. Mr. GORDON: The side that wanted to co-operate.

Right Hon. Mr. MEIGHEN: Hear, hear.

Hon. Mr. DANDURAND: Oh, no; the side that wanted the Windsor station to be the terminal—a proposal which had been defeated in 1929 by the report of Sir Frederick Palmer, who decided that it could not be.

That matter was finally decided after examination by the Railway Board, and was closed. Money had been expended towards giving the Canadian National a decent station in Montreal, and the city was highly interested in having that station.

I said in the committee that I had been wondering why the Canadian Pacific Railway was so intent upon preventing the Canadian National from having a decent station in Montreal. I saw in my mind's eye that splendid mass of masonry at Windsor and Osborne, and the unspeakable building of the Canadian National called the Bonaventure station. I wondered what object the Canadian Pacific could have in trying to prevent the Canadian National—a system larger than the Canadian Pacific, and carrying a greater tonnage and more passengers—from having a better station than it had. Of course the two railways have in the city of Montreal organs which are most devoted to them—the Montreal Gazette and the Montreal Star. Here is what I found on the editorial page of the Montreal Star in justification of the Canadian Pacific intervention in the question of the terminal. It explained to me the whole attitude of the Canadian Pacific. Referring to the development of the terminal at the tunnel, which has been in operation for years, it said:

It is bound to be a body blow to the Canadian Pacific Railway, which will be faced with the unfair competition of a new, a modern and lavishly equipped station, at the disposal of its rival only, but paid for by the taxpayers of Canada, including the Canadian Pacific Railway.

Of course that is quite in accordance with human nature. It is natural that the Canadian Pacific should wish the Windsor station could be utilized. But, that plan having been absolutely discarded in 1929 by the report of Sir Frederick Palmer, the matter could surely not be reopened in a committee of the Senate in 1939. That is why I said I was prepared to have the Canadian National officials examined as to why they had decided to start developing their terminal in 1938-39, but I was not ready to allow the Canadian Pacific Railway to intervene, or, as the honourable senator from Westmorland (Hon. Mr. Black) has said, to "poke its nose" into the private affairs of the Canadian National. A vote was taken, and it was decided that we should not reopen that question, which had been definitely settled in 1929.

I shall not traverse the whole ground covered by my right honourable friend, but shall content myself with referring to the essential difference between those members of the committee who were of his opinion and those who agreed with the report. To the majority of the committee united management was

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tantamount to amalgamation—to a monopoly in private hands. We were not ready to accept that principle, and said there should be a fair trial of co-operation, a method which has not been followed since 1933 or 1934. A fair trial would mean earnest co-operation between the two railways in order that under the Act they might do the best they could—which is considerable. I included the Act itself in my remarks of yesterday. As was said by my honourable friend from Lethbridge (Hon. Mr. Buchanan), the people of Canada will not be satisfied that the two railways have done their duty to the country until they have honestly and earnestly tried the co-operative principle which is embodied in the law of Canada.

Hon. Mr. McMEANS: I am sure no one would object to what the honourable gentleman calls a respectable station, but I understand that some \$12,000,000 is to be spent upon it. I believe the very building in which we are now sitting did not cost more than \$15,000,000, and I would ask why such a huge sum as has been mentioned should be spent upon a railway station.

Hon. Mr. DANDURAND: A terminal station must be built for the Canadian National Railways. It is a necessity. Construction was suspended for a few years, but the board of directors of the Canadian National got the Government to consent to contribute 40 per cent of the expenditure by way of relief in order that men who were idle might be employed. With this contribution the Canadian National feels that the proper thing to do is to proceed with the work. The programme covers three years. I may say that when that board was elected every member of the Senate admitted it was a strong board; and those who supported the views of the Canadian Pacific were very much elated when they heard that Mr. Murdoch had resigned from the board. They immediately jumped to the conclusion that he was opposed to the expenditure of this money on the Montreal terminal. The correspondence between Mr. Murdoch and the Minister of Transport, which was published and was deposited, I think, on the tables of both Houses, showed that Mr. Murdoch resigned because he felt that President Hungerford was not sufficiently serious in his defence of the actions of the board of directors, more especially in regard to continuing the work on the Montreal terminal. I may repeat what I said in committee. It so happens that the work was decided upon on the motion of Mr. James Y. Murdoch, a member of the board.

Hon. Mr. McMEANS: That is not an answer to my question. I do not see why a palace should be built. I cannot understand why \$12,000,000 should be spent on a railway station.

Hon. Mr. DANDURAND: There is no question of spending a large sum of money on a big building like the Windsor station. It is simply a question of having a station to be used by the trains coming from the east, the north and the south. It is a restricted programme, not the one which was decided upon in 1929.

Hon. Mr. MURDOCK: I understand that the larger part of the expenditure of \$12,000,000 is for the purpose of building overhead construction from the end of the Victoria bridge and from St. Henry, in order to bring traffic into the new station. It is not for the actual building of the station.

Hon. Mr. CALDER: It includes the whole terminal.

Hon. Mr. MURDOCK: It includes the whole thing. But my understanding is that the greater part of the money will be spent on things other than the station itself.

Hon. Mr. McMEANS: How much has been spent already?

Hon. Mr. MURDOCK: The sum of \$17,000,000 was spent in 1929, we were told.

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

CANADIAN WHEAT BOARD BILL

MOTION FOR SECOND READING POSTPONED

On the Order:

Second Reading, Bill 63, an Act to amend the Canadian Wheat Board Act, 1935.—Hon. Mr. Marshall.

Hon. Mr. MARSHALL: Honourable senators, I would ask that this order stand over until the next sitting. The honourable senator from Winnipeg South-Centre (Hon. Mr. Haig) has been discussing with the Minister of Trade and Commerce and myself the change that he wants made in this Bill, and I do not desire to move second reading just now.

The Order stands.

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

THE SENATE

Friday, May 26, 1939.

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

Prayers and routine proceedings.

CANADA'S RAILWAY PROBLEM

REPORT OF SPECIAL COMMITTEE—DEBATE CONTINUED

Hon. Mr. DANDURAND: Honourable senators, I move that His Honour the Speaker be asked to disregard the first five items on the Order Paper for the time being and call item No. 6, for resumption of the debate on the railway question.

The motion was agreed to.

The Senate resumed from yesterday consideration of the report of the Special Committee appointed on March 30, 1938, to inquire into and report upon the best means of relieving the country of its extremely serious railway condition and financial burden consequent thereto.

Hon. JAMES MURDOCK: Honourable senators, having fully in mind the several very important speeches that have already been made in respect of Canada's particular railway problem, I feel somewhat humble and, shall I say, out of place in undertaking to compete with some of the distinguished gentlemen who have preceded me in the debate. A number of very able lawyers have presented their points of view on this problem, both in the present debate and formerly. I am not a lawyer, but, if the House will pardon a personal reference, I may say that on the 18th day of April next it will be fifty years since I first became a Canadian Pacific railway employee.

Hon. Mr. BALLANTYNE: Hear, hear.

Hon. Mr. MURDOCK: For the first twelve years of that period I was a freight brakeman, and I was working in that capacity for six years before I saw an air brake on a box car. We used to stop trains by a hand brake operated from the top. For a few years I was a conductor, and then, in 1905, I was elected as a representative of railroad men. In that capacity during the years that followed I was in conference in most of the important railroad offices in the United States and Canada. This experience is my only excuse for believing that I ought to know something about railway problems.

In 1938 the Senate appointed a special committee to consider our very serious railway situation. The committee held twenty-three sittings that session. Early in the present session the committee was re-appointed, and it has held fourteen sittings since. When our committee commenced its sittings in 1938, and especially at the beginning of its sittings this session, my possibly biased judgment was that certain distinguished members of the committee were ready to make a report as to what should be done. I admit that I may have been absolutely mistaken in thinking that some men's minds were already made up, but, as I say, I had that firm conviction from the commencement of our hearings in 1938, and I held it more strongly at the commencement of the committee's meetings this year.

At the committee's sittings in these two sessions we heard from various prominent railroad individuals and others. This year we had before us a number of, shall I say, specially picked individuals to give the committee certain information. Incidentally, the terms "unification" and "amalgamation" were used frequently at the committee's sittings, and last evening when my right honourable friend (Right Hon. Mr. Meighen) was speaking I appealed to him to indicate the difference in meaning between the two terms. He was too busy to let me have the information, which I know he could have given off-hand, and so I went for guidance to Funk and Wagnall's New Standard Dictionary of the English Language, where I find these definitions:

Amalgamate—Unite, combine, coalesce, as two parts in growth.

Amalgamation—To form a homogeneous whole or a new body.

Unify—To cause to be a unit or one; reduce to uniformity, unite; view or regard as one.

Unification—The act of unifying or the state of being unified; consolidated.

With my sparse education I am unable even to imagine very much difference between the terms "unification" and "amalgamation." Possibly some other gentleman who is more familiar with English dictionary terms can give me additional enlightenment on that subject later. I was really hoping that my right honourable friend would give me the information last night, but, as I say, he was too busy.

A moment ago I said that this year several special—if I may use the term—hand-picked individuals appeared before the committee. One of them was a very capable professor from Queen's University, who gave the committee voluminous information. As a part-time railroad man I thought some of his facts and reasonings were entirely unacceptable from

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the standpoint of railroad practice, but I am quite sure that many members of the committee regarded his evidence as sound and correct. In order to indicate the extent of his knowledge and experience, may I cite this passage from his evidence as reported at page 22 of the committee's proceedings:

Secondly, even the engineer, who is the most skilled member of the train crew, need not be a person of an unusual skill. A man of sound intelligence could be trained to operate a locomotive in a very short time. In the pre-war period, when the labour force was being rapidly increased, men quite frequently ran as full-fledged engineers after only six months' experience.

At the time that appeared to me to be absolute nonsense. I wonder if any honourable senator and his family would like to start out on the tail-end of a twelve or fourteen car passenger train, representing a million dollars of equipment, with Professor McDougall or some equally capable man as the locomotive engineer.

There also appeared before the committee Mr. Charles W. Peterson, publisher of the Farm and Ranch Review. At page 118 of our proceedings I find the following question and answer:

Q. Mr. Peterson, this morning you made a very splendid argument from your point of view in connection with the extreme necessity of reducing wages. Would you care to suggest about how much you think they should be reduced?—A. No, I would not, sir, because that would be a matter for the system when unified, and is one of the things that would have to be studied. I am not competent to give any information on that at all. When the war broke out there was a reduction of, I think, 15 or 20 per cent.

Again, may I without offence characterize the gentleman's answer as nonsense. Not even a reduction in railway wages of one-half of one per cent was made during the war. How do I know? The day that Canada declared war I was acting as spokesman for a committee in Winnipeg which appeared before a board of investigation, presided over by the late Judge Gunn, of Ottawa. We were contending for an increase in pay and improved conditions of work on behalf of the Canadian Pacific men. As soon as it was announced that war had been declared we were unanimous in stating that we were through with our proceedings; that, for the time being, nothing else mattered than to get on with the war. It was not until October, 1916, when we found that all the industrial undertakings of Canada, the United States and other countries were paying very much higher wages in order to get workers, and these conditions were attracting railroad men from the service, that we undertook to get

better terms from the railway. As a result of our work the men secured a wage increase of about 10 per cent. From what I have said honourable members will, I believe, concede that I am justified in characterizing that answer of Mr. Peterson's as totally incorrect, and in assuming that a good deal of the evidence which he placed before the committee was of equal value.

During last session and this we have heard a good deal of discussion about the deplorable condition of our railways and the enormous burden that is being placed on the people of Canada in the form of taxation. May I direct the attention of honourable members to the fact that two or three other modes of transportation have had something to do with our railway problem. In this connection I think it would be relevant to place on Hansard some inquiries which last session the honourable member from Rigaud (Hon. Mr. Sauvé) directed to the Government, and the answers thereto. These questions and answers have to do with railway and highway construction costs and the cost of navigation routes, and are as follows:

**Railway and Highway Construction Costs
Inquiry**

Hon. Mr. Sauvé 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..	<u>\$218,977,196</u>
1. (b)	Acres
Dominion..	31,881,642
Provincial..	15,758,223
Total..	<u>47,639,865</u>
2. Data available 1928-1936 only.	
Construction..	\$410,866,892
Maintenance..	172,337,426
	<u>\$583,204,318</u>

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
	<u>\$516,383,626</u>

No data available prior to 1922. Gasoline tax included.

**Cost of Navigation Routes
Inquiry**

Hon. Mr. Sauvé 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.

I shall proceed with my remarks as briefly as possible, because my chief has asked me to finish within an hour. I will try to do so.

May I again refer to what is involved in this enormous cost of railway services which now confront us. My honourable friend the senator from Montarville (Hon. Mr. Beau-bien) has been, may I suggest, a most enthusiastic booster for a re-alignment of railway problems in Canada. I think I am fair, as I want to be, in saying that first, last and all the time he has believed the panacea for all the railway ills of Canada was unification, and that nothing else would do. There is no doubt that he sincerely holds that opinion, and he has given it to us in season and out of season, in the committee and in this House.

Let us see where these railway problems originated; these terrible costs we are being confronted with all the time. If you look at Senate Hansard of May 17, 1916, you will find our delightful and enthusiastic friend assisting in some measure to place these enormous railway burdens of to-day upon the people of Canada. He was speaking in 1916, before I ever dreamed of landing in such a tribunal as this. What did he say? Talking about the Government taking over some railways, he said:

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 purpose of the Bill was to acquire those particular railways in the province of Quebec. And what happened? One of the particular lines which the honourable senator was so insistently pressing the Government to take over was the Quebec and Saguenay, 62.3 miles in length. Evidently his earnest plea to the Government, coupled with other pressing claims of the same kind, was sufficient to influence the Government to take over that railroad on the first day of July, 1916.

What was paid for it? The sum of \$3,489,313.53. What did it cost in addition, in betterments for the purpose of rehabilitating it so that it could be used as a proper railroad? That additional cost was \$4,283,597.50. So, at the behest of my honourable friend the senator from Montarville and others, more than \$7,600,000 of the railway burden that we now have was placed upon the shoulders of the people of Canada.

Has the railroad mentioned ever paid the 5 per cent my honourable friend spoke of? Was his judgment in May, 1916, good? If it was not, is it good to-day? I am going to undertake to show that possibly his views, his aims, his claims and his desires with respect to railway unification to-day are just as far-fetched or as unfair to the Canadian taxpayer as they were in 1916, when \$7,600,000 was paid for a railroad that was never worth \$100,000 to the Canadian people.

I see my honourable leader (Hon. Mr. Dandurand) looking at me. Let us hurry along. I wonder if, for the purpose of showing how far my very good friend from Montarville (Hon. Mr. Beaubien) will go in boosting for unification, with which he is so much in love, it would be unfair to quote from his own speech of a couple of nights ago. He said, as reported at page 427 of the Senate Hansard:

In any event, is it in the power of our railways to exercise monopoly in a way to hurt the public? Everybody knows the companies are completely under the control of the Board

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of Transport Commissioners. Not a line can be abandoned, not a rail can be lifted, not a train can be cut off, not a single service can be discontinued, not a fare or rate can be increased, without permission from that tribunal.

I leave to the judgment and knowledge of honourable members the question whether that is painting a picture which the facts will not justify.

Not satisfied with having said that, he comes back to the point later. At page 485 he says:

Do not forget, he spoke of a supine public.

There he was referring to my distinguished leader (Hon. Mr. Dandurand).

Hon. Mr. BEAUBIEN: Oh, no.

Hon. Mr. MURDOCK: I beg your pardon. I am incorrect. My honourable friend was referring to Mr. Fairweather. In fact, he referred to Mr. Fairweather on many and various occasions, and critically. He held the view that Mr. Fairweather's evidence was of little use.

Following that remark about Mr. Fairweather, my honourable friend said:

Now, I have already shown that the railways cannot do anything to the public. The Transport Board plays the part of watch-dog, and without its permission not one line, not one car, not one service can be removed; nor can rates be increased. It is laughable, therefore, to hear Mr. Fairweather speak of a supine public.

My honourable friend from Montarville was just 50 per cent right in that statement. He was right in saying that the Transport Board's permission is required for the removal of any line or the increase of rates, but was wrong in saying that not one car or one service could be removed without such permission. With every new issue of a time-table by either road some changes of service are made without reference to the Transport Board. Of course, the board would have to be approached before a line could be discontinued entirely. The point I want to make is that my honourable friend is so enthusiastic about the proposal for unification that he goes far afield, may I say, to emphasize facts in support of that proposal.

Now we come to the question that is before us. I speak as a man who for almost fifty years has been proud to be an employee of the Canadian Pacific Railway. At this moment I hold in my pocket an annual pass over the Canadian Pacific Railway system, issued to me as a conductor on furlough. I have been on furlough since 1905, and I do not think I shall work on the railroad any more. Traveling all over the continent of America, I have always been proud of the Canadian Pacific Railway. I know of no railroad that has been

better managed and better run in the days that have gone by. It has a record of remarkable achievement. But do not imagine that I shall continue to boost for the Canadian Pacific throughout my speech.

Let me analyse for a few moments the extent to which the Canadian Pacific Railway has been assisted. The Government gave the company \$25,000,000 in cash, and 25,000,000 acres of land in alternate blocks throughout the most productive parts of the Prairie region, and turned over to it free of charge the surveys and the 713 miles of railway already constructed, which had cost \$37,785,000. Cash subsidies received by the Canadian Pacific from Dominion and provincial governments amounted in 1916 to \$67,000,000. Land grants from the same sources amounted to 28,000,000 acres, of which 16,541,000 had been sold up to June 30, 1916, to net the company \$68,000,000, while the remainder was conservatively valued at \$119,000,000. Thus it will be seen that the assistance received by the Canadian Pacific Railway, in addition to other valuable considerations, totalled \$291,785,000. Other valuable considerations comprise freedom for ever from taxation of the railway and "all stations and station grounds, workshops, buildings, yards and other property, rolling stock and appurtenances required and used for the construction and working thereof, and the capital stock of the company by the Dominion, or by any province hereafter to be established, or by any municipal corporation therein; and the lands of the company, in the North West Territories, until they are sold or occupied shall also be free from taxation for twenty years after the grant thereof from the Crown."

We should never consider the Canadian Pacific's early existence without recognition of the fact that the great Canadian West laboured for many years under a railway transportation monopoly. We should also remember that the Canadian Pacific carried settlers and industries into the far stretches of the Canadian West before most of the lines now included in the Canadian National Railways—the Canadian Northern, the Grand Trunk Pacific and the National Transcontinental—were even dreamed of. It is said by some that the Canadian Pacific was somewhat despotic, that it had a monopoly and proposed to use it as it deemed best, and that the results of this policy were injurious to the rights and properties of settlers, business men and other people.

Now let us consider briefly the undertakings of the Canadian Northern Railway. I think I heard my right honourable friend (Right

Hon. Mr. Meighen) say last night that in discussing this railway problem it is not necessary to go into ancient history. Sometimes it is inconvenient to be told of our omissions and errors. I myself have on occasions found that to be so. But it seems to me that we cannot properly analyse this general railway question unless we consider to some degree the whole history of the Canadian National Railway lines that are now in the West. I am quite sure that my right honourable friend will be able to follow me very closely in these references, because I believe no member of this House knows better than he just what is involved. During the first three years that the Conservative Government were in office after 1911, the promoters of the Canadian Northern secured \$20,040,000 in cash and guarantees.

Right Hon. Mr. MEIGHEN: The honourable member should note there that those amounts were authorized by legislation of the Government of Sir Wilfrid Laurier.

Hon. Mr. MURDOCK: That is a very proper correction, and I am sure it will be noted. I am sorry to say to my right honourable friend that I had not noticed the fact. Maybe that is the result of a slight bias on my part.

Right Hon. Mr. MEIGHEN: I do not want to create an impression that is in the slightest degree wrong. The authorization applied to all the Canadian Northern eastern lines then projected, right through to Montreal, but not to the Canadian Northern Pacific, from Edmonton west.

Hon. Mr. MURDOCK: In the early months of 1914, vocal, insistent and capable representatives descended in force upon Ottawa and appeared to literally compel the Government to advance further credit to the extent of \$45,000,000. As a result the Government became a partner of Mackenzie & Mann in the ownership of the Canadian Northern, by securing \$40,000,000 of the company's \$100,000,000 capital stock. The outbreak of the war found the Canadian Northern in financial shadows. Not only was the Government a joint owner, but the credit of municipalities and provinces in Canada was in a large measure affected. In short, the Dominion's credit was at stake. The Drayton-Acworth report in 1916 advised that these new lines should not be permitted to go into bankruptcy and that there was a moral responsibility upon the Government to safeguard the investors. Had the Government of the day bid good-bye to its holdings of Canadian Northern liabilities, and sent these new lines

into bankruptcy and receivership, we should not to-day be furnishing some of the proponents of amalgamation or unification with the earnest plea put forth to save the Government from paying \$50,000,000 a year, which is simply the amount of fixed charges on certain Canadian National railways acquired in bygone days.

On August 1, 1917, the Government gave notice that it intended to acquire control of the remaining capital stock of the Canadian Northern, other than the \$40,000,000 worth of stock then held. The value of the stock of the Canadian Northern to be acquired was, as a result of the decision of a board of arbitration, set at about \$11,000,000. Thus the Government assumed financial responsibility for the Canadian Northern to the extent of more than \$382,000,000.

Two years later, in 1919, the Grand Trunk Pacific was placed in receivership, the then Minister of Railways acting as receiver. The Government had already loaned the Grand Trunk Pacific more than \$83,000,000. In connection with the agreement for the building of that line the Government during the next three years had to spend an additional \$40,000,000 for replacements and operating deficits, and so the Government's obligations in respect of the Grand Trunk Pacific increased to more than \$129,000,000.

In November, 1919, steps were taken for the acquisition of the Grand Trunk Railway. The capital stock of the company cost the Government nothing, but the Government assumed liabilities of more than \$298,000,000; this in addition to the loans already advanced the company, amounting to \$1,148,000.

At the end of 1922, when all government railways were brought under one management, the Government became liable for the following railway expenditures, not including the monetary advances and other assistance given to the Canadian Pacific:

Canadian Northern Railway Company.....	\$298,799,591
Grand Trunk Railway Company..	84,560,342
Grand Trunk Pacific Railway...	123,586,034
Canadian Government Railways—	
Capital expenditures, less deficits	429,563,445
	\$936,509,412

Furthermore, the Government, in order to uphold the good name and credit of Canada, assumed liabilities to the public amounting to more than \$804,000,000. I am reciting these facts to show where possible errors of judgment in days gone by, on the part of our well-intentioned public men, are responsible for the people of Canada now being confronted with the enormous load of debt which has been saddled on us and our posterity. Presently I shall undertake to show that maybe

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some distinguished public men sitting under this roof at the present moment now propose to do something which in the years to come will be just as unfortunate for the taxpayers.

I shall hurry along, pausing only for a moment to deal with Canadian National revenues. In 1926 the gross revenue of the Canadian National Railways reached \$270,982,223, providing an income surplus of \$41,583,242, or \$2,389,009 more than enough to pay to the public all the interest on the securities which some years previously the Government took over as a burden on the people of Canada. Although revenues increased in 1927, expenses were relatively higher; so the National system fell \$4,200,628 short of the amount required to meet its interest charges. In 1928, however, revenues soared to \$304,591,269, providing, after all interest charges on bonded indebtedness had been met, a surplus of \$2,638,000. That was the high point. From 1928 until the depth of the depression was reached in 1933 railway revenues plunged downward to a low of \$148,519,742. Although thousands of employees were dismissed and wholesale economies were instituted, expenses could not drop as fast as revenues. Consequently in 1929 the deficit was \$13,408,705; in 1930, \$35,585,895; in 1931, \$60,869,795; in 1932, \$61,006,919; and in 1933, \$60,017,713.

Let me analyse this question a little further. It is, I think, safe to suggest that few, if any, railroads in the United States or Canada have made a better showing from a net operating revenue standpoint than the Canadian National Railways, as the following figures will, in part, disclose. The annual net operating revenues from 1923 to 1936 for both the Canadian and the American lines of the Canadian National Railway system show the following net operating revenue results:

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

In short, the Canadian National Railway system earned its fixed charges in only two years since its establishment. Since 1927 the Government has lost from \$4,000,000 to \$61,000,000 on account of the inability of the railway system to earn its fixed charges or the accrued interest due the Government, and

this accrued interest stands to-day as a charge of more than \$3,000,000,000 against the people of Canada, largely as a result of the magnanimous action of certain gentlemen in the years from 1911 to 1921. And may I, in all kindness, say that my right honourable friend opposite is included in this quota of magnanimous gentlemen.

I come now to the appointment of the Duff Commission. In November, 1931, Canada's railway problem had become acute; so Prime Minister Bennett secured the appointment of a royal commission of distinguished gentlemen, including Chief Justice Sir Lyman P. Duff as chairman, Lord Ashfield, of London, England, the late Sir Joseph Flavelle, of Toronto, Mr. L. F. Loree, President of the Delaware and Hudson Railway of New York, and three other gentlemen of ability. That commission was fully authorized to survey the entire field of Canada. The presidents of the Canadian Pacific and the Canadian National Railways, with other members of their executive staffs, appeared before the commission. It was contended by Sir Edward Beatty that a saving of \$75,000,000 could be made in the operation of Canada's railways by what was then called amalgamation and is now called unification. The net result of this recommendation was that the commission reported as follows:

We have carefully weighed the informing and voluminous evidence which has been placed before us in regard to a subject of major importance to the Canadian people and, in arriving at our conclusions and making our recommendations, we have endeavoured to eliminate any considerations as to what might be theoretically the best course to pursue under other circumstances and in other countries, and to base our judgment solely on what is best for the people of Canada.

The complete amalgamation of the two systems has been suggested as a method, not only for attaining a measure of economy, but also for the most effective use of the properties. This raises the question whether it may be done either by public or private ownership. Whatever merits or demerits this proposal may have, the time is not opportune for giving serious consideration to this particular remedy; neither complete public nor complete private ownership is possible.

To establish a monopoly of such magnitude and importance 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.

It has also been suggested that the Canadian National Railways should be leased to the Canadian Pacific Railway, either in perpetuity or for such a period as would afford an opportunity to effect substantial economies.

A lease in perpetuity presents certain difficulties. It would, whatever safeguards may be adopted, result in the establishment of a monopoly.

Other considerations which militate against a perpetual lease are twofold: first, should the population of Canada greatly increase, the volume of traffic would grow and the railway mileage be materially enlarged, with the result that the management of so great a system might well become unwieldy and necessitate segregation. The second reason is a natural and justifiable hesitation to commit, finally, future generations, and even the present one, to a policy adopted under the stress of difficult circumstances which may not be best adapted to a new set of conditions difficult to forecast.

From the date of the pronouncement of the Duff Commission on the railway question, the President of the Canadian Pacific started, and has earnestly continued, a campaign of propaganda looking toward unification of railways. To-day certain honourable gentlemen opposite and some to my right are backing that campaign, in disregard of very probable serious results, which would mean increased liabilities for Canadian taxpayers and a resumption of dividends to Canadian Pacific shareholders.

May I be pardoned if for a moment I deal briefly with a little of the history of this project because of the fact that my honourable friend from Montarville (Hon. Mr. Beaubien) and, I think, also my right honourable friend opposite (Right Hon. Mr. Meighen) referred to a unanimous declaration of this House in 1925 with respect to a solution of our railway problem. I wonder if the majority of honourable members know how that committee of fourteen members was appointed by the Senate and in what manner they conducted its proceedings. They sat in camera and called before them chosen individuals to present a certain view. Am I unfair in dealing with this point? My justification is that last night my right honourable friend referred to the dead, and therefore I hope I shall not be criticized if I follow his example. May I suggest that among the fourteen members appointed by this Senate to do that job in camera one at least was a director of the Canadian Pacific Railway Company or of allied companies?

That committee made a report, to which we have been repeatedly referred. I realize that the amendment moved by my honourable friend from Montarville does not contemplate resumption of dividends to Canadian Pacific shareholders. The proposal made last year did contemplate it, and that is what we were up against then. That was the important part of the report of the committee of 1925—resumption of dividends to the Canadian Pacific shareholders. To-day that is a hot brick, and we must not touch it: the idea might not be popular. Before I sit down I shall endeavour to show that now we have something more efficacious than that proposal.

Let me for a moment refer again to the report of 1925. I wonder whether many honourable members are aware of the fact that I am trying to present. Under date of June 25, 1925, a distinguished member of that special committee—who has since passed on to the Great Beyond—in presenting the report to the Senate said:

I produce some figures which do not appear in the report. The additional national obligations of this country for the last five years were nearly \$600,000,000, and for the last six years \$710,000,000.

Please note what follows:

Now the capitalization and bonded indebtedness of the Canadian Pacific Railway Company on the 31st December, 1924, were as follows: Ordinary stock, \$260,000,000; 4 per cent preference stock, \$100,148,587.78; or a total of \$360,148,587.78.

In addition, there was 4 per cent consolidated debenture stock to the amount of \$264,244,882.08; 10-year 5 per cent collateral trust gold bonds to the amount of \$12,000,000; 20-year 4½ per cent sinking fund secured note certificates amounting to \$30,000,000; and mortgage bonds, Algoma Branch first mortgage, 5 per cent, \$3,650,000; or a total capitalization of \$670,043,469.86. This is on the Canadian Pacific property.

Furthermore, there are obligations on subsidiary companies, which he enumerates at page 736 of Hansard of 1925.

Then he goes on to say:

—making a total of \$35,015,000. Added to the \$670,043,469.86, this makes a total of \$705,058,000. Apart from that, there are amounts due for rentals of railway, amounting to \$1,557,355. So that the whole capitalization, including bonding liability and rentals, amounts to a little over \$700,000,000.

Let us see what our unification proponents are now putting up to us. Do not forget that \$700,000,000 of capitalization. In the 1938 Canadian Pacific report I find the capitalization is \$1,398,979,602.07, an increase of 100 per cent, except for a sum of slightly less than \$2,000,000. That is what is placed before us now. I wonder if I should be regarded as unfair in saying, as many of us claim the right to say, that the capitalization has been increased nearly 100 per cent in recent years with a view to the important moment that has now arrived, when the honourable senator from Montarville and others expect a vote from this House in favour of unification. An increase of one hundred per cent, less about \$1,500,000, over the figure mentioned by a director of the Canadian Pacific Railway in speaking to this House in 1925!

I must hurry along. I have just referred to what was done here in 1925. This Senate appointed a committee of fourteen senators; they met in camera, and they brought in a report in favour of unification, with guaran-

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teed dividends to the Canadian Pacific. Why did they do so? I told you a little while ago that I had been in the railway game for a few years. I am confident that the whole idea originated in 1925 in the minds of two or three distinguished gentlemen who wanted the Government of Canada to take over the Dominion Atlantic Railway. I was working down east around that time, and know something about the matter. At least, I was closely in touch with some of the things developing down there, and my humble opinion, which, of course, I cannot prove, is that it was for that reason a committee was appointed to sit in camera and talk to whom-ever they liked. Is it not fair to believe, as I do conscientiously believe, that two or three of the distinguished gentlemen who were heard in camera were much interested financially in the Dominion Atlantic, which had been at its wits' end for a considerable number of years, and which it was hoped would be taken over by someone in such a way as to give some little hope to the shareholders of that company? However, unification did not come about.

And what was the Canadian Pacific Railway doing during this time? The Canadian Pacific paid to its shareholders the following amounts in dividends: 1926, \$30,005,944; 1927, \$30,005,944; 1928, \$33,421,180; 1929, \$35,424,790; 1930, \$38,248,530. In short, the Canadian Pacific in those five years paid its shareholders more than \$167,000,000 in dividends, while net earnings during the same period amounted to more than \$217,000,000.

Now I want to refer to the report of the Canadian Pacific Railway for 1932. Remember, I have just told you the Canadian Pacific paid dividends amounting to \$38,000,000 odd in 1930. What about 1932, two short years later? The annual report of the Canadian Pacific Railway for 1932 says:

With the greatest regret your directors must announce that the general situation, and the result of the year's operation, preclude the possibility of any further distribution for the year 1932 to either preference or ordinary stockholders. The excellent wheat crop, the fourth largest in ten years, gave promise of an important increase in gross earnings, but the decline in the market which commenced early in October and continued to the end of the year, interrupted its movement, with the result that such traffic was only slightly better than in the corresponding period of 1931. With this decline in the basic industry of the country disappeared also the hope which had been entertained of an increase of general traffic. Your directors can only continue to exhort patience until the turn of the tide.

Then we come along to 1937 and we find something wonderfully edifying in the report. On page 9 it says:

After taking into consideration the disappointing result of the operations during the latter part of the year, the large disbursements which the company will have to make during the first half of the current year as a result of its interest guarantee on obligations of the Soo Line, and the general uncertainty as to the prospects for 1938, your directors decided to declare a dividend of 2 per cent on the preference stock from the earnings of 1937, payable April 1, 1938.

What I wanted to call attention to was the statement as to this interest guarantee on obligations of the Soo Line.

Now may I read a recent item from the Montreal Daily Star? It says:

Suit Begun Against C.P.R.—Soo Line Bondholders in U.S. Seek \$1,340,635

The Canadian Pacific Railway Company was sued yesterday for \$1,340,635, representing claims for defaulted interest upon bonds sold by the Minneapolis, St. Paul and Sault Ste. Marie Railway Company. (The Soo Line.)

The action was brought in Federal Court in behalf of all holders of first consolidated five per cent 50-year gold bonds. The plaintiffs, Fred H. Hawley and Walter S. Smith, said they own \$28,000 of the bonds.

Canadian Pacific guaranteed a total of \$64,999,000 of Soo Line bonds due to mature July 1, 1938, they asserted. Soo Line filed application for reorganization June 30, 1938. No payments have been made on principal or interest. The suit contends that Canadian Pacific's obligation continues until payment of the principal.

I read that because I am wondering whether my unification friends are in favour of our assuming the Soo Line obligations, which—may I be pardoned for saying?—the Canadian Pacific is evidently welshing on, if we are to trust that newspaper report.

I have cited to you the splendid dividends paid by the Canadian Pacific from 1926 to 1930, inclusive. You will note that these are all years after the unification resolution was voted in this Senate. Would it be unfair to refer to Sir Edward Beatty's views on unification in 1926, when the Canadian Pacific was paying \$30,000,000 odd in dividends? On March 16, 1926, just before the dividend date; Sir Edward is reported by the Montreal Star to have 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.

A little further 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.

I whole-heartedly agree with Sir Edward's view as expressed at that time.

Now I want to pass rapidly along, because again I see my chief looking at me, and I know he is wondering how much longer I intend to take. I will do the best I can, but my conscience will not permit me to quit without trying to put before the Senate in a reasonably comprehensive way some of the things which I think should be chronologically arranged for the guidance of our opinion, and, a little later, I hope, our vote.

Hon. Mr. DANDURAND: My honourable friend will remember that I told him he should do justice to his conscience.

Hon. Mr. MURDOCK: I will try to do that.

I hope my honourable friend from Montarville (Hon. Mr. Beaubien) will forgive me for referring to him so often, but for almost two years I have been hearing him tell the same story, with its inevitable reference to the one important point, unification—amalgamation. I have seen my honourable friend gesticulating before the committee and before this House, this session and last. I do not question his sincerity, but personally I believe his judgment is just as much at fault now as it was in 1916 when he advocated paying more than \$7,600,000 for properties adjacent to the city of Quebec which were not worth \$100,000, as I said a little while ago. That \$7,600,000 is now part of the millstone which my honourable friend tells us is hanging around the neck of the Canadian taxpayer.

My honourable friend has stressed at considerable length the enormous debt burden of Canadians for federal, provincial and municipal purposes. The World Almanac for 1937 gave certain figures in respect to the per capita liability of the citizens of Great Britain. It placed that liability at \$830. For the same period the per capita debt of all Canadians was \$621. Since 1937 both those figures have increased considerably, and they are still increasing. The Canada Year Book for 1937 showed Canadian citizens' federal, provincial and municipal taxes for the year 1934 as \$61.16. For the same period the tax burden of citizens of Great Britain was \$93.45; of citizens of the United States, \$78.14; of citizens of France, \$75.80. I think we should have some of these figures before us.

I am sorry to note that my honourable friend the senator from Westmorland (Hon. Mr. Black) is not here. That distinguished and very capable gentleman, with a long business experience, had a good deal to say about Canadian railway men's wages, as had also

the honourable senator from Montarville (Hon. Mr. Beaubien), who exaggerated somewhat when speaking about the authority of the Railway Commission. I realize what enthusiasm for a cause will do to all of us. It may be that at times I myself "smoke up" a little. I know my honourable friend from Montarville does, for I have him on record. Both he and the honourable senator from Westmorland talked a great deal about railroad men's wages. In order to save time I would ask permission to place on the record without reading it a statement as to the earnings of railway stockholders and employees, which is to be found at page 396 of the proceedings of our special committee.

Earnings of railway stockholders and employees
(Table No. 12)

In 1920 Canadian railway dividend payments amounted to \$29,942,557. In that year the cash dividend rate was 8.28. Incidentally, the net operating revenues for that year amounted to only about \$14,000,000. The total employee compensation was \$280,353,910. By 1922 dividend payments increased .7 per cent and total employee compensation decreased 20.1 per cent. The cash dividend rate remained, however, at the high figure of 8.27. In 1928 dividend payments were \$33,729,273, or 12.6 per cent greater than in 1920, but total employee compensation was \$270,102,559, or 3.7 per cent less. The cash dividend rate still stood at 8.15 per cent, which was within 1.6 per cent of the high 1920 rate. For 1930, after more than a

year of depression, dividend payments soared to \$38,890,927, this new high peak of dividend payments being 29.9 per cent higher than in 1920. Total employee compensation in 1930 had decreased, however, by \$31,187,661, or 11.1 per cent. The cash dividend rate for this depression year still stood at 8.02, or within 3.1 per cent of the high 1920 dividend rate. In 1931 dividend payments decreased 9 per cent as compared with 1920, but employees' total compensation was reduced approximately one-fourth, or 24.5 per cent. Following this two years of depression the cash dividend rate still stood at 5.65.

Here again we see reflected the disproportionate use of the railways' operating income in 1930 when employees had already suffered substantial losses and when it was generally recognized that a serious depression was being faced by Canada along with the United States and the rest of the industrial nations of the world. Dividend payments were made in an amount that established a new all-time peak record for Canadian railways. Had the dividend rates followed the same trend that total employee compensation took during the years subsequent to 1920, it is seen here that the railways would have been in much better position to meet their problems during the past few years.

I should like also to have permission to place on the record table No. 3, showing the average monthly earnings of employees on Canadian railways for the year 1937, arranged in specified groups. This is to be found at pages 404 and 405 of the report of the committee's proceedings.

TABLE No. 3
AVERAGE MONTHLY EARNINGS OF EMPLOYEES ON CANADIAN RAILWAYS
FOR YEAR 1937, ARRANGED IN SPECIFIED GROUPS

Reporting Division	Average number of employees	Average monthly earnings	Total number
<i>Less than \$60 per month—</i>			
8 Janitors and Cleaners.....	1,119	\$58	
21 Labourers.....	5,379	59	
58 News Agents.....	172	56	
Number of employees earning less than \$60 per month.....			6,670
<i>Between \$60 and \$65—</i>			
7 Office boys, messengers, attendants and miscellaneous trades workers.....	962	62	
Number of employees earning between \$60 and \$65 per month.....			962
<i>Between \$66 and \$75—</i>			
6 Telephone switchboard operators.....	243	73	
39 Regular apprentices.....	1,251	72	
42 Unclassified labourers.....	2,457	71	
50 Station agents, non-telegraphers (small station).....	163	70	
55 Labourers.....	483	74	
Number of employees earning between \$66 and \$75 per month.....			4,597
<i>Between \$76 and \$85—</i>			
20 Sectionmen.....	15,343	81	
38 Car apprentices.....	12	83	
40 Car cleaners.....	1,319	77	
41 Other unskilled employees.....	2,842	81	
57 Dining car and restaurant helpers and attendants.....	1,158	78	
61 Sleeping and parlour car porters.....	858	84	
63 Signalmen or watchmen at crossings (non-interlocked).....	608	81	
Number of employees earning between \$76 and \$85 per month.....			22,140
<i>Between \$86 and \$100—</i>			
13 Helpers, Bridge and Building Department.....	184	93	
16 Pumpmen.....	388	97	
37 Helpers to mechanics.....	6,259	94	
47 Storemen.....	1,527	86	
54 Freight handlers and other station employees.....	4,021	89	
59 Floating equipment employees.....	527	100	
Number of employees earning between \$86 and \$100 per month.....			12,906

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AVERAGE MONTHLY EARNINGS OF EMPLOYEES ON CANADIAN RAILWAYS
FOR YEAR 1937, ARRANGED IN SPECIFIED GROUPS—*Concluded*

Reporting Division	Average number of employees	Average monthly earnings	Total number	
<i>Between \$101 and \$110—</i>				
23 Telegraph and telephone linemen and groundmen.....	136	\$107	136	
Number of employees earning between \$101 and \$110 per month.....				
<i>Between \$111 and \$125—</i>				
5 Clerks.....	13,741	\$119	28,824	
10 Carpenters and bridgemen.....	1,906	115		
12 Masons, bricklayers, plasterers and painters.....	272	116		
19 Section foremen.....	5,746	119		
31 Carmen (c).....	5,444	119		
32 Carmen (d).....	232	115		
43 Stationary engineers, firemen and oilers.....	795	113		
52 Signalmen (non-telegraphers) at interlockers.....	270	113		
62 Drawbridge operators.....	88	115		
65 Switch tenders.....	330	120		
Number of employees earning between \$111 and \$125 per month.....				
<i>Between \$126 and \$150—</i>				
9 Bridge and building department foremen.....	385	\$141		25,749
11 Blacksmiths, pipefitters, plumbers, tinsmiths and pump repairers.....	259	143		
15 Pile driver, ditching, hoist and steam shovel employees....	251	139		
24 Signal and interlocker maintainers and repairmen.....	447	138		
27 Blacksmiths.....	595	126		
28 Boilermakers.....	1,159	129		
29 Carmen (a).....	2,322	129		
30 Carmen (b).....	496	129		
33 Electrical workers.....	790	131		
34 Machinists.....	3,798	128		
35 Moulders.....	93	126		
36 Pipefitters and sheet metal workers.....	1,065	128		
45 Constables and policemen.....	586	134		
51 Station agents—Telegraphers and telephoners.....	5,045	145		
53 Foremen in freight sheds.....	380	132		
56 Dining car and restaurant inspectors, conductors and stewards.....	231	143		
60 Sleeping and parlour car inspectors and conductors.....	156	148		
66 Hostlers.....	388	139		
70 Road freight brakemen and flagmen.....	3,926	150		
72 Yard brakemen and helpers.....	2,330	145		
78 Yard firemen and helpers.....	1,047	142		
Number of employees earning between \$126 and \$150 per month.....				
<i>Between \$151 and \$200—</i>				
3 Assistant engineers and draftsmen.....	510	\$172	9,617	
17 Extra gang and snow plough foremen.....	188	170		
18 Signal foremen.....	21	198		
22 Foremen-Linemen.....	67	166		
22 Department and gang foremen.....	2,081	191		
44 Inspectors and sergeants of police.....	131	176		
46 Storekeepers.....	140	161		
49 Supervisory agents and assistants.....	568	173		
69 Road passenger brakemen, baggagemen and flagmen.....	1,539	157		
71 Yard conductors and yard foremen.....	1,035	174		
75 Yard engineers and motormen.....	972	197		
77 Road freight firemen and helpers.....	2,365	165		
Number of employees earning between \$151 and \$200 per month.....				
<i>Between \$201 and \$250—</i>				
4 Other miscellaneous officials.....	1,359	210	7,492	
48 Train dispatchers and traffic supervisors.....	435	248		
64 Yardmasters and assistants.....	303	240		
67 Road passenger conductors.....	682	223		
68 Road freight conductors.....	1,703	217		
74 Road freight engineers and motormen.....	2,172	237		
76 Road passenger firemen and helpers.....	838	202		
Number of employees earning between \$201 and \$250 per month.....				
<i>Over \$250—</i>				
1 Executives, general officers and assistants.....	617	514	3,448	
2 Division officers.....	920	280		
25 General foremen.....	45	255		
73 Road passenger engineers and motormen.....	866	267		
Number of employees earning over \$250 per month.....				
Total number of employees.....			121,541	

Source: STATISTICS OF STEAM RAILWAYS OF CANADA, 1937 ("Employees and Salaries and Wages").

NOTE.—Above figures represent all classes, excluding "Express Department", "Radio Department" and "Employees engaged in Outside Operations".

It is only fair to say that the figures given in these tables are as of 1937, and a 10 per cent increase has since been awarded to most of these employees. May I take a moment to point out to my honourable friend from Montarville (Hon. Mr. Beaubien) that out of the total of 121,541 employees, 6,670 were getting less than \$60 a month; 4,597 were getting between \$66 and \$75; 22,140 were getting between \$76 and \$85, and, as we see a little further on, 28,824 employees had monthly earnings of between \$111 and \$125. As I have said, to consider these earnings properly we must increase most of them by 10 per cent. But when this increase has been added it will be found, unfortunately, that Canadian railway employees do not receive as high wages as was indicated the other day by my honourable friend from Montarville (Hon. Mr. Beaubien).

Let me hurry forward. I am now up to the point of considering the alternative report proposed in amendment by the honourable senator from Montarville. Would it be treading on foreign soil to refer to the fact that this alternative report as it came from the committee bore the signature of nine members? The fact is that, very much to the regret of all members of the committee, one of those who signed the report was not able to attend a single sitting of the committee this session, and three others were not in attendance at the last two or three sittings. In these circumstances, I am wondering where we are, from a parliamentary standpoint. The motion made in committee by my distinguished leader (Hon. Mr. Dandurand) for adoption of the report which is now before the House was carried, as I recall, by a vote of seven to six. Yet we have had brought in by way of amendment what is called an alternative report, signed, as I say, by nine members, of whom one was not present at any of the committee's sittings and three others were not present for the last two or three days. However, that is only an aside.

Hon. Mr. HAIG: May I ask the honourable gentleman a question? Where is that report?

Hon. Mr. MURDOCK: I find it here before me in No. 11 of this year's proceedings of the committee.

Hon. Mr. HAIG: So far as I know, it has not been tabled.

Hon. Mr. MURDOCK: I think my honourable friend is mistaken. I remember that I made a strong protest and threatened to delay the whole proceedings because I had

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not seen the report, and my right honourable friend (Right Hon. Mr. Meighen) sent me a copy.

Hon. Mr. HAIG: That may be. But I never saw it tabled.

Hon. Mr. MURDOCK: You should "stick around."

I now come to an analysis of that alternative report, for whatever it is worth. Please do not forget that I am a Canadian Pacific man, and proud of it, but at the same time I have, as I regard it, a sworn duty to perform for the Canadian people. The report, which was presented to the committee by my right honourable friend opposite (Right Hon. Mr. Meighen), concludes with eight unification objectives. Before my right honourable friend spoke last night I really believed in my heart—this may be entirely due to ignorance on my part—that these eight objectives were written by a ghost writer. I saw an editorial in the Ottawa Journal a couple of days ago about a ghost writer, by the way. To my mind it appeared to be evident that these objectives were written by some person of that kind.

Right Hon. Mr. MEIGHEN: If they were, then I was the ghost. I may tell the honourable gentleman that I wrote every word of them.

Hon. Mr. PARENT: I think so.

Hon. Mr. MURDOCK: After I had listened to my right honourable friend last night, I felt convinced that he was the writer of these eight paragraphs. But the realization of this came as somewhat of a surprise to me, though I am aware of his great ability as a lawyer, a member of Parliament and a former Prime Minister of this country, and his wide experience. And of course I am aware that he is quite capable of effecting co-ordination, unification or amalgamation of this or that concern, along lines similar to those recommended here.

The first of these objectives is:

There should be no obligation, legal or moral, implied or expressed, whereby the country assumes any liability in respect of Canadian Pacific obligations or securities, either as to capital or interest.

How magnanimous, how considerate of the Canadian people and taxpayers, that sounds! How I, as a Canadian Pacific man, resented it when I first read it! I asked myself, is it possible that after the enormous expenditures Canada made upon the Canadian Northern, the Grand Trunk Pacific and other roads, we are going to unite the Canadian Pacific with the Canadian National and say to the

Canadian Pacific that in so doing we shall assume no liability, legal or moral, implied or expressed, in respect of its obligations or securities?

Hon. Mr. CALDER: That is Sir Edward Beatty's suggestion.

Hon. Mr. MURDOCK: Ah! This appears to be beautifully rounded sales talk, which no doubt will be largely absorbed by many Canadians, who will argue that, considering the source from which it comes, this will be the principle adopted. Can any of us here think that the Canadian Pacific is not deserving of treatment as magnanimous as that given to the Canadian Northern, Grand Trunk Pacific and other lines which in years gone by have been taken over? But let us not worry about that paragraph, for I shall show that this turning of the cold shoulder is atoned for in paragraphs containing other objectives. Before we get to the eighth paragraph we shall see how magnanimous the author of these objectives was towards the Canadian Pacific.

The second objective is:

Any plan of unified management adopted should be such that the resulting operation can in no sense be dominated by the Canadian Pacific Railway Company.

That sounds fine. I think it can be safely said that the officials of the Canadian Pacific Railway have done the best continuous rail-roading job on the North American continent in the last forty-five or fifty years, but this paragraph would appear to imply that the company and its officials are to be relegated to the shadows of unified operation. Of course, that is not intended. That is only a part of the sales talk which is used in pressing for the claims towards which the Canadian Pacific, and particularly the president of that company, have been aspiring ever since the Duff Commission turned down their claims.

Then we come to objective No. 3. Listen to this. It is really good. For the purposes desired it is as well done as any client could wish. It reads:

Out of earnings up to the average aggregate earnings of both systems over such a period of years as may be agreed upon, the Canadian National must be assured the same share of such earnings as it has enjoyed of such average earnings.

What does that mean? On account of the enormous burden that my right honourable friend and other friends placed upon the Canadian National in years gone by, that system has been in the red ever since 1920, except for two years, and consequently there would be no earnings to average under this proposal. Here again we find some wonderful sales promotion. What screams of anguish

we have heard from certain honourable gentlemen about the enormous burden of Canada's railway debt on the people of Canada! Under this proposal the \$50,000,000, more or less, of Canadian National Railways fixed charges, upon which it has not been possible to make earnings during some years of the depression, are to be left as charges upon the Canadian people, and a fifty-fifty share of average aggregate earnings is to be given to the Canadian Pacific and the Canadian National. What about the saving of \$75,000,000? May I say, without any disrespect to anybody, that I think that estimate was only theoretical buncombe from the start.

Let us proceed to objective No. 4:

Out of earnings above such average earnings, which presumably will be earnings due to economies effected by unified management, the Canadian National should receive not less than one-half.

How generous this proposal is to the suffering Canadian taxpayers! They are to receive not less than one-half of the earnings which exceed average earnings. What for? To pay the Canadian National Railways on the \$50,000,000 of fixed charges. And the Canadian Pacific is presumably to receive the other half of earnings which are above average earnings. What for? To pay to Canadian Pacific security holders. We might ask if this is not rather one-sided, considering that the Canadian National Railways have 22,000 miles of railways, as compared with the Canadian Pacific's 17,000 miles, and, according to evidence given before our committee, the Canadian National Railways now have exclusive access to the most important of the great mining areas of northern and western Canada, such as Flin Flon, Red Lake and Rouyn. The Canadian National has been getting a revenue out of these districts for a number of years, and the Canadian Pacific naturally covets a share of it. It will be remembered that last year a distinguished representative of the Canadian Pacific urged that that company should if possible be permitted access into Red Lake. The proposed unification would of course give the Canadian Pacific access to these great mining areas and cut approximately in half the earnings by the Canadian National on behalf of the taxpayer. This proposal is fearfully and wonderfully made.

The fifth objective is this:

New capital investments, limited as they will be to joint requirements, should be provided for on a basis of definite and individual responsibility for respective shares of the capital on the part of the Canadian National (or of the Dominion of Canada), on the one hand, and of the Canadian Pacific Railway Company on the other hand.

If unification of our railways is to be put into effect, this paragraph would appear to be reasonably consistent and, in fact, in line with the only business-like way of dealing with the question mentioned.

Objective No. 6 is:

Both parties should agree to such enlargement of the powers and supervision of the Board of Transport Commissioners as may be deemed necessary to protect and serve every public interest.

Here we have the first striking example of the octopus of railway unification in Canada. This proposal would appear to imply that the Canadian people and Parliament have no say in defining the powers and supervision of the Board of Transport Commissioners; that this matter is in the hands of officials of the two railways.

Then we come to objective No. 7:

In view of the very extensive economies to be attained, and to the end that the process may not involve undue hardship on anyone, provision should be made for the due protection—

Note the words, please.

—by both systems, of labour adversely affected by such economies, along the lines lately followed by the railways of Great Britain.

Oh, how magnanimous, how considerate of the 25,000 to 40,000 employees whom it is proposed to let out of their jobs! This is a carefully hidden proposal for the assistance of the Canadian Pacific shareholders. Please note the language, "due protection by both systems of labour adversely affected." No proposal from the pool respecting revenue to take care of labour adversely affected, but each component part, namely, the Canadian Pacific or Canadian National, is to give due protection to labour. Can we not even now visualize the campaign of rivalry contemplated by this proposal to retain, for example, the clerical forces of the Canadian Pacific at Montreal, while scrapping the Canadian National Railway's clerical forces as redundant? Again, can we not visualize the same general effort being made at Toronto, Winnipeg, Vancouver, Edmonton and Calgary? It would not of course be possible at Moncton and Halifax. Fearfully and wonderfully proposed. It could not have been put in language more safeguarding for the Canadian Pacific if it had been prepared, word for word, by the officials of that company. The same thing applies to shop men. My honourable friend from Winnipeg South-Centre (Hon. Mr. Haig) can, I think, visualize right now the Transcona shops scrapped and all work at Winnipeg being done at the Canadian Pacific Railway shops, which are amply sufficient to

Hon. Mr. MURDOCK.

meet all demands. Thousands and thousands of clerical employees and shop men would be unloaded upon the Canadian people under whatever drastic legislation might be enacted for the purpose.

I come now to paragraph 8:

Agreement to all provisions should be obtained from each separate class of security holders of the Canadian Pacific and of the Canadian National, in so far as such latter security holders are not already protected by Government guarantee.

Of course they are. A very interesting and apparently logical paragraph of the proposals which contemplate giving the Canadian Government and the Canadian people equal status with the Citizens' Shareholders Group for Railway Action, functioning in Toronto and elsewhere, in determining their comparative rights. In short, 61,140 Canadian Pacific shareholders in Great Britain and the United States are to be asked to vote whether the jobs of from 25,000 to 40,000 men on the railroads of Canada are to be scrapped in order that those shareholders may get dividends as they did from 1926 to 1930. That is what that paragraph means; nothing more nor less.

I suggest that the eight paragraphs were carefully prepared with a view to conserving first, last and all the time the rights and interests of the Canadian Pacific and its shareholders, in absolute disregard of all other rights and interests. I know many honourable members will not agree with me in this, but I am confident that if they will do me the kindness to listen, some of them who may be here after I am gone will appreciate what we are going into. I repeat, this means simply nothing more nor less than placing an additional burden of millions of dollars upon the Canadian taxpayers for the express purpose of re-establishing the payment of dividends to Canadian Pacific shareholders. I believe that has been the underlying desire of the Canadian Pacific president and of those who have been supporting his plea for unification.

What a sight we have witnessed this session and last, with four, five, eight or ten lobbyists ever present and on the job to congratulate this or that fellow on his nice speech! No one will congratulate me when I leave the Chamber. Those lobbyists are pleased to give their friends pointers. They will not give me any. The Canadian Pacific interests manufactured "phony" labour organizations. I can prove my charge if given an opportunity to put somebody on oath. Those "phony" labour associations were organized to boost their claim that they might continue to bear down upon the Canadian taxpayer on

the pretence of relieving him of the \$60,000,000 a year that he is now liable for in respect of guarantees on railway stocks and bonds. As a matter of fact, the ultimate purpose is to divide up the paying freight that comes from the great mining areas of Canada and other important points now reached only by the Canadian National Railways; to enable the Canadian Pacific to encroach thereon and get

some of the ready cash and revenue that the stockholders so eagerly desire.

Before I conclude I would ask permission to put certain exhibits on Hansard. The first is exhibit No. 2, from page 37 of the proceedings of our Special Railway Committee in 1938. It refers to miles of road operated by the Canadian National and the Canadian Pacific.

Year	Miles of Road Operated			
	Canadian National System 1	Canadian Railways Canadian Lines 2	Canadian Pacific Railway System 3	Total (Cols. 2-3) 4
1923..	21,805	20,646	14,617	35,263
1924..	21,866	20,665	14,846	35,511
1925..	21,936	20,606	15,175	35,781
1926..	22,066	20,796	15,372	36,168
1927..	22,193	20,854	15,600	36,454
1928..	22,277	20,937	15,819	36,756
1929..	22,628	21,288	16,090	37,378
1930..	23,650	21,819	16,416	38,235
1931..	23,769	21,950	16,745	38,695
1932..	23,773	22,052	16,888	38,940
1933..	23,743	21,941	17,030	38,971
1934..	23,676	21,935	17,015	38,950
1935..	23,652	21,908	17,222	39,130
1936..	23,554	21,792	17,241	39,033
1937..	23,707	21,894	17,223	39,117

No doubt honourable members will recall that in dealing with the eight paragraphs of the alternative report I commented on the intention to divide the revenue fifty-fifty between the Canadian Pacific and the Canadian National. I ask honourable members to study this exhibit and see if that is a fair division, with approximately four miles of Canadian National to every three miles of Canadian Pacific. I would also ask my honourable

friends to look at the comparison of earnings and revenue in relation to the same point.

I should also like to place on Hansard exhibits 14 and 15, which will be found on page 53 of the proceedings of our committee in 1938. These exhibits give in tabulated form the investments of the two railway systems. I would suggest that they be carefully analysed before we decide that the Canadian Pacific shareholders are entitled to a 50 per cent division as against the Canadian taxpayer.

Canadian National System
Table 14. Investments

Year	Railway Fixed Property, Equipment, Hotels, and Separately Operated Properties	Affiliated Companies	Sinking Funds	Total	Cumulative Total
1923	54,965	1,816	7,007	63,788	63,788
1924	41,814	2,473	-3,362	40,926	104,714
1925	18,950	6,272	1,098	26,320	131,033
1926	24,463	1,658	3,039	29,160	160,193
1927	46,097	4,129	1,193	51,419	211,611
1928	44,034	13,027	3,158	60,219	271,830
1929	88,500	-6,135	-298	82,067	354,893
1930	66,560	12,066	2,072	80,698	435,592
1931	34,287	1,371	-574	36,232	471,424
1932	.799	-951	.143	1,893	473,317
1933	953	2,834	1,835	5,622	478,939
1934	-1,016	-326	2,174	832	479,771
1935	687	31	-11,939	-11,221	468,550
1936	6,940	58	-11,418	-4,420	464,130
1937	20,875	894	33	21,802	485,932
Total	448,907	41,118	-4,093	485,932	.....

(Thousands of Dollars)

Canadian Pacific Railway
Table 15. Investments

Year	Railway Rolling Stock, Inland Steamships, Hotels, Communications and Miscellaneous Property	Improvement on Leased Railway Property	Other Investments*	Total*	Cumulative Total
1923	18,291	3,474	2,308	24,074	24,704
1924	16,554	-3,097	7,236	20,694	44,768
1925	8,056	.362	5,239	13,657	58,425
1926	13,590	.887	3,858	18,335	76,760
1927	20,954	1,327	18,542	40,822	117,583
1928	34,475	2,511	13,623	50,649	168,231
1929	71,639	3,862	22,706	98,207	266,438
1930	35,033	3,807	29,295	68,135	334,573
1931	22,614	8,080	18,496	49,190	383,763
1932	2,455	886	282	3,623	387,386
1933	-1,062	199	11,396	10,534	397,920
1934	-4,880	1,387	-5,812	-9,305	388,616
1935	-1,299	-1,061	-9,427	-11,787	376,829
1936	6,534	-1,239	-1,850	3,445	380,274
1937	17,228	-395	1,058	17,891	398,165
Total	260,184	21,029	116,952	398,165	.....

(Thousands of Dollars)

*Does not include advances to controlled and other companies.

The next exhibit I desire to place on Hansard is table No. 1 of railway operating revenues and expenses and net revenues and net revenues of the Canadian National Railways. It was filed before our Special Railway Committee in 1938 and will be found at page 67 of the proceedings.

CANADIAN NATIONAL RAILWAYS (1)—Table No. 1

Year	Railway Operating Revenues (2)			Railway Operating Expenses (2)			Net Operating Revenues (2)		
	Canadian Lines	United States Lines	Total	Canadian Lines	United States Lines	Total	Canadian Lines	United States Lines	Total
1923.....	\$ 218,613,309	\$ 38,348,281	\$ 256,961,590	\$ 206,069,866	\$ 29,768,180	\$ 235,838,046	\$ 12,543,443	\$ 8,580,101	\$ 21,123,544
1924.....	205,232,981	34,363,089	239,596,070	192,738,522	28,883,527	221,622,049	12,494,459	5,480,162	17,974,621
1925.....	212,659,602	36,752,282	249,411,884	187,956,847	28,333,587	216,290,434	24,702,755	8,418,695	33,121,450
1926.....	230,342,249	40,639,974	270,982,223	194,029,000	29,531,362	223,560,362	36,312,349	11,108,612	47,420,961
1927.....	233,735,751	41,143,367	274,879,118	202,776,373	30,528,894	233,305,267	30,959,378	10,614,473	41,573,851
1928.....	260,418,924	44,172,344	304,591,268	217,780,174	31,951,522	249,731,696	42,638,750	12,220,822	54,859,752
1929.....	248,222,476	42,274,504	290,496,980	217,223,887	31,408,388	248,632,275	30,998,589	10,866,116	41,864,705
1930.....	213,446,581	36,922,417	250,368,998	196,502,058	31,785,965	228,288,023	16,944,523	5,136,452	22,080,975
1931.....	171,675,446	28,829,716	200,505,162	171,673,133	27,639,862	199,312,995	2,313	1,189,854	1,192,167
1932.....	139,948,317	21,155,277	161,103,594	134,300,983	20,907,178	155,208,161	5,647,334	248,099	5,895,433
1933.....	126,701,228	21,818,514	148,519,742	122,572,280	20,240,329	142,812,559	4,128,998	1,578,185	5,707,183
1934.....	140,824,361	24,078,141	164,902,502	130,296,563	21,639,516	151,936,079	10,527,798	2,438,625	12,966,423
1935.....	144,596,516	28,587,986	173,184,502	135,094,079	23,832,170	158,926,249	9,502,437	4,755,816	14,258,253
1936.....	154,178,174	32,432,315	186,610,489	145,081,184	26,396,506	171,477,690	9,096,990	6,035,809	15,132,799
1937.....	.....	.....	198,396,608	.....	.....	180,788,858	.....	.....	.....
1938.....	.....	.....	182,241,722	.....	.....	176,175,311	.....	.....	.....

(Continued on page 506)

CANADIAN NATIONAL RAILWAYS (1)—Table No. 1 (Concluded)

Year	Net Corporate Income before deducting Interest	Interest on Funded Debt			Net Income Deficit		Profit and Loss Debits	Cumulative Deficits including Profit and Loss Balances	
		On Public Debt	On Dominion Govt. Loans	Total	Including Govt. Loans Interest	Excluding Govt. Loans Interest		Including Govt. Loans Interest	Excluding Govt. Loans Interest
1923	\$ 13,501,649	\$ 35,041,380	\$ 30,157,944	\$ 65,199,324	\$ (3) 51,697,675	\$ (3) 21,539,731	\$ 2,935,648	\$ 54,634,323	\$ 24,476,379
1924	14,772,328	38,361,704	31,271,043	69,632,747	54,860,419	23,589,376	(cr.) 886,872	109,108,870	47,679,883
1925	30,443,852	40,438,235	31,450,382	71,888,617	41,444,765	9,994,383	206,505	150,760,140	57,880,771
1926	41,586,242	(4) 39,197,233	32,090,454	71,287,678	29,701,445	(cr) 2,389,009	(cr) 6,502,004	173,959,581	48,989,758
1927	36,325,419	40,526,097	32,505,234	73,031,331	36,705,912	4,200,678	820,988	211,486,481	54,011,424
1928	44,449,780	41,810,880	32,507,837	74,318,217	29,868,437	(cr) 2,638,900	3,446,391	244,801,309	54,818,915
1929	32,065,275	45,503,980	32,690,545	78,194,525	46,099,250	13,408,705	511,067	291,411,626	68,738,687
1930	15,730,227	51,316,121	32,693,876	84,009,997	68,279,770	35,585,894	5,453,922	365,145,318	109,778,903
1931	5,282,650	55,587,145	32,643,624	88,230,769	93,513,419	60,859,795	5,762,261	464,420,998	176,410,559
1932	- 4,041,640	56,965,279	35,525,540	92,490,819	96,532,459	61,006,919	4,802,615	565,756,072	242,220,093
1933	- 3,552,286	56,465,427	36,034,141	92,499,568	96,051,854	60,017,713	1,600,103	663,408,029	303,837,909
1934	6,305,050	55,811,745	35,994,578	91,806,324	85,501,273	49,506,695	4,161,080	753,070,381	337,505,684
1935	4,590,610	53,468,792	35,949,677	89,418,469	84,827,859	48,878,182	30,453,831	868,352,071	436,837,697
1936	5,987,277	49,184,623	36,428,873	85,613,496	79,626,219	43,197,346	12,684,819	960,663,109	492,719,862

(1) Includes Central Vermont Railways from February 1, 1930.

(2) Revenues and Expenses, 1923-1927, adjusted to include commercial telegraph lines to be comparable with 1928-1936.

(3) Net Income Deficit includes appropriations for insurance fund of \$9,739,533.

(4) Interest at 4% on \$34,927,098 Grand Trunk Pacific debenture stock reduced under agreement to 2%.

The next exhibit is table 2, taken from page 78 of the proceedings of the Special Railway Committee in 1938. It was filed by the Canadian Pacific Railway and shows its operating revenues, operating expenses, net operating revenues, net income before rent for leased roads and interest on funded debt, rent for leased roads, and interest on funded debt, from 1923 down to 1938.

CANADIAN PACIFIC RAILWAY COMPANY (1)

Year	Operating Revenues (2)	Operating Expenses (3)	Net Operating Revenues	Net Income before Rent for Leased Roads and Interest on Funded Debt	Rent for Leased Roads	Interest on Funded Debt
	\$	\$	\$	\$	\$	\$
1923.....	212,218,432	171,902,618	40,315,814	48,730,232	3,335,775	10,950,933
1924.....	197,546,323	159,056,000	38,490,323	46,757,007	3,378,820	11,502,733
1925.....	201,176,745	155,492,589	45,684,156	51,121,534	3,288,925	11,912,414
1926.....	217,359,680	164,743,336	52,616,344	56,121,365	3,451,192	12,321,890
1927.....	221,420,916	173,817,410	47,603,506	51,679,464	3,671,323	13,107,790
1928.....	251,567,043	189,602,528	61,964,515	65,497,551	3,636,256	13,007,722
1929.....	233,339,514	180,404,670	52,934,844	59,221,792	3,648,512	13,800,618
1930.....	196,211,626	153,750,665	42,460,961	56,082,721	3,615,713	16,769,154
1931.....	154,963,411	124,448,912	30,514,499	33,899,285	3,632,159	18,765,517
1932.....	*130,450,800	105,554,579	*24,896,221	23,417,211	3,680,404	20,160,922
1933.....	*120,430,958	94,870,706	*25,560,252	25,878,276	3,676,150	20,944,965
1934.....	*131,947,017	101,275,080	*30,671,937	31,235,317	3,625,070	21,140,456
1935.....	*135,208,669	107,775,586	*27,433,083	26,833,726	3,574,850	20,246,792
1936.....	143,990,223	115,239,930	28,750,293	29,512,298	3,575,718	19,907,396
1937.....	145,085,558	121,343,311	.....	.....	.....	.....
1938.....	142,258,981	121,506,515	.....	.....	.....	.....

* Revised.

(1) The published statements of operating revenues, expenses, etc., of the Canadian Pacific Railway Company since January 1, 1932, have included Dominion Atlantic, Esquimalt and Nanaimo, Montreal and Atlantic and Quebec Central Railways; since July 1, 1931, Fredericton and Grand Lake Coal and Railway and New Brunswick Coal and Railway; and since January 1, 1931, Kettle Valley Railway. Figures for all prior to dates cited have been restated for the purpose of uniformity to include these subsidiaries which were previously separately operated.

(2) Includes gross of commercial telegraphs, news and express; excludes ocean traffic commission.

(3) Includes full pension disbursements; excludes ocean traffic expenses.

In conclusion, may I say that were I following the personal bent of a proud connection that fifty years have given me as a Canadian Pacific employee, I should vote for the amendment of my honourable friend from Montarville; but I should regard it as a disgrace to my Canadianism if I committed what, in my humble judgment, would be a crime against the Canadian taxpayer for the benefit of 61,140 shareholders of the Canadian Pacific in Great Britain and the United States.

Hon. J. A. CALDER: Honourable members, I am sure my good friend from Parkdale (Hon. Mr. Murdock) will pardon me if under the circumstances I do not attempt to reply to all that he has said on this occasion. There is a time factor that to a certain extent we must take into consideration, and, personally, I am strongly inclined to think it is well that that time factor appears in our debate. However, while I

shall not attempt to deal with his lengthy speech in any way, I do wish to point out, in regard to what I might call the major portion of his argument, that it has no substantial foundation whatever. I will point out very briefly what I mean. This report does not put into effect unified management, or unification, or anything else. All it does is to express the views of some members of this House.

Hon. Mr. MURDOCK: Oh, no; there is more than that.

Hon. Mr. CALDER: I must ask my honourable friend to permit me to proceed. Unified management cannot come into effect in any way, shape or form except under an agreement made by the Government of the day with the Canadian Pacific Railway Company.

Right Hon. Mr. MEIGHEN: Hear, hear.

Hon. Mr. CALDER: Further than that, unified management cannot come into effect until Parliament itself approves of it. When that time comes the honourable gentleman opposite will have his chance to vote in accordance with that confidence of his which he has expressed so strongly this afternoon.

The main purpose of a debate such as we are now engaged in is the clarification of all the facts and issues involved, in order that every member may exercise his best judgment when the time comes to cast his vote for or against the proposals before us. I am sure that, whatever may be our individual opinions on the question, all will agree that the real issues at stake have gradually but surely taken shape as the debate has proceeded, and little more now remains to be done than to record the decision we have reached. The issues are now pretty well crystallized, and not much further discussion is needed in order that every honourable member may have a clear understanding of them.

As I witnessed the earnest, forceful efforts of our two leaders to drive home their points, pro and con, I could not help feeling a regret that circumstances are such as to require that I should not engage in the debate in a similarly vigorous manner. I must exercise restraint that I should much prefer to cast aside.

All honourable senators who have preceded me in this debate have indicated the very complicated nature of the problem which your committee was called upon to consider. It involved a mass of figures and an array of technicalities and other difficulties that at times were somewhat appalling. However, with patience and perseverance we concluded our work, and I am certain that when our inquiry closed every member of the committee had a much broader grasp of the entire railway situation.

To attempt to discuss this problem in all its aspects and to sift and analyse the mass of evidence presented would, I am sure, necessitate an unusually lengthy statement. This, so far as possible, I intend to avoid. It would be impossible to deal at all adequately with the situation in less than two or three hours, and so those who have spoken have tried to confine their remarks within at most an hour. However, on this occasion, when the matter is before us for general discussion, I feel that those of our members who were not members of our committee are entitled to an expression of my views respecting at least some of the more important phases of the problem as presented to us in evidence.

Right Hon. Mr. MEIGHEN.

We now have before us two reports. I shall not refer to them at any length. As the suggested report presented by my desk-mate (Hon. Mr. Beaubien) sets forth clearly, logically and systematically a summary of the main features of the material evidence submitted, as well as the conclusions reached and the reasons therefor, it seems to me that any extensive analysis or elaboration on my part, of the many details of this report, would serve no useful purpose. The report speaks for itself. I may say that I have read the report with the greatest care, in the light of all the evidence and of the duty we were called upon to perform, and I have no hesitation in saying that it meets with my full approval.

At the outset of my remarks I desire to direct attention to, and briefly comment upon, a few of the statements contained in the original report presented by the right honourable member from Eganville (Right Hon. Mr. Graham).

In the first place, it seems to me that the lengthy references to the various services performed by both our railways, but more particularly by the National system, might have been omitted, as all the services are well known, fully understood and appreciated.

Large railway systems in new and developing countries the world around are always planned, built, expanded and operated for purposes generally similar to those referred to, and unless I am very much mistaken the government of every country concerned has always contributed very substantially to these undertakings. The contribution has been made by cash subsidies, guarantees, land grants, exemptions, and loans, and by various other methods. Here in Canada no person will deny that so far as all these pioneering services, as they may be called, are concerned, the State in the past has given an abundance of assistance to the companies in order that the services might be performed and carried on. Under the circumstances, and for very obvious reasons, your committee did not to any appreciable extent deal with this phase of our railway development.

The problem that faced your committee was not to inquire into the reasons why our railroads exist, where their rails are laid, what services they render, or what assistance has been given to them in the past by the State. The only question that confronted your committee may be paraphrased and summarized in this way. We have in Canada two railway systems, each performing well-known and desirable services that must be continued. Owing, however, to a very marked change in economic conditions, both systems have

suffered severely in recent years, and will continue to suffer, decreasing earning power, with consequent grave hardship to thousands of railway employees and enormous losses to the owners of both properties. In the one case the losses are confined to those whose savings and capital are invested in the property; in the other they are carried by means of an onerous tax burden which bears upon all our people.

With this situation confronting Canada, the Senate decided the question should be inquired into by a special committee, and that committee was charged directly and specifically with the duty of examining into any and every method that could be suggested to lighten this tax burden, with a view to determining which would be the best method for the purpose. That duty we have performed. That, and that only, was the responsibility cast upon your committee. In other words, in so far as I can understand the reference, we had no instructions whatever to ascertain plausible reasons or excuses for the continuation of the burdensome tax I have referred to. We were not asked to search the whole record of the past in order to discover some excuse or reason for our people continuing to carry that tax. Our duty was to search for any and every means whereby the tax might possibly be reduced.

The references made in the original report to the effect that the Canadian Pacific system has been able to survive, that it is not alarmed over the outlook, and that it is in a position to maintain its independent existence for years to come, are all in accordance with parts of the evidence given by Sir Edward Beatty. But these statements picked out from the record and placed, as they are, in this report, are very misleading in that they do not in any sense present a true picture of the very serious financial straits of the Canadian Pacific Railway Company.

Yes, the Canadian Pacific has been able to survive, and it will continue to exist as an independent company, but at what a cost to its shareholders, to its employees, and to all Canada as well! For twenty years or more prior to 1931 those who invested their savings in Canadian Pacific Railway common stock received yearly dividends totalling \$33,500,000. In 1931 this figure was cut in half; and since 1931, that is, for a period of eight years, no holder of the common stock of the Canadian Pacific has received one dollar by way of dividend. But that is not all. The value of the common stock itself, representing millions of dollars, has virtually disappeared. Yes, the Canadian Pacific Railway may continue to exist, and Sir Edward Beatty may say, "We do not fear the future"; nevertheless

those are the facts. Indeed during recent years the earnings of the Canadian Pacific have decreased to such an extent that there has been withheld from those who invested their money in the concern no less than something in the neighbourhood of \$39,500,000 a year. We cannot hold the view that this situation has not affected the Canadian Pacific Railway most seriously.

There have been very many complimentary references to the Duff Commission, and deservedly so. In the original and in the suggested report, both of which are now before us, the authors have deemed it advisable to quote one passage from the report of that commission; and as it has a direct bearing on the matter to which I am now alluding, I should like to refer to it again.

A serious warning was given in the Duff report to the Parliament of Canada and to all the people of Canada. What was it? It may be summarized in this way: "Unless Parliament adopts our proposal,"—which was voluntary co-operation, with an arbitral board—"or some other equally effective measure to secure the efficient and economical working of both systems, the only courses open to Parliament will be (a) to effect savings in national expenditures in other directions, or (b) to add to the tax burdens under which all our people and all our industries are suffering." That is to say, unless Parliament could find some means of putting a stop to the railway conditions existing seven years ago, there could be only one result. Seven years have gone by since that warning was voiced by a commission which everybody recognizes as being a thoroughly capable and competent commission, whose report was commended by everybody.

What has Parliament done during these seven years to ameliorate our railway problem, as well as our general financial condition? In 1933 Parliament adopted and put into effect the Duff Commission proposal for co-operation. Every member of either House of Parliament now knows it has been a dismal failure, and that as it stands on our Statute Book to-day it will continue to be a dismal failure. This failure is due largely, if not entirely, to the almost complete absence of a singleness of purpose; to a lack of desire to co-operate to the fullest possible extent with a view to providing all necessary public services at the lowest possible cost. Your committee was continually confronted with evidence indicating that the co-operative machinery was all cluttered up with the human and selfish elements involved in the continued maintenance of existing properties and facilities. I trust honourable members clearly understand what I mean. Each group

of officers wished to hold on with their own property. That was their general attitude. It is a human attitude, I admit. They are each proud of their own system; they do not want to see it overshadowed by the other system. That element of prestige was always present. Both groups were proud of the positions of their companies and each desired their own company to retain and continue its prestige. There was always the desire to avoid public disapproval of any suggested economy. In reaching conclusions as to what could or should be done, there were prolonged discussions between officials respecting the distribution of burden and advantage. There was in reality no common aim and no common purse for the economy sought. Instead, to a very large extent, the battle cry appeared to be, "What we have we hold, unless the proposed disturbance of our system will give us a distinct advantage over the other."

Such were, in my judgment, the elements present throughout the whole effort to achieve anything by way of co-operation. My honourable friend the leader of the Government (Hon. Mr. Dandurand) may hope, and continue to hope, that they will disappear. In that hope I cannot join. I think these elements are bound to remain just so long as the law continues in its present form, and until such time as some measure is taken to enforce co-operation. Human nature will always be human nature, and it is bound to assert itself in such a situation.

I am quite confident that the Duff Commission in making their proposal had not the slightest idea that this formidable snag would appear and effectively prevent any real co-operative effort. They never anticipated that co-operation would be found impossible because of the existence of that human element. That it will continue in the future I have no doubt.

It has frequently been stated that as the law now stands the provisions for co-operation have no real teeth; in other words, that they do not furnish any certain means whereby co-operation can be enforced and made effective. This, I am certain, is the situation; and it would not be altered one iota if we were to adopt the original report as presented by our chairman. The law is not changed in any respect.

Yes, Parliament adopted the proposal of the Duff Commission; but that plan has failed, as I expected when for another reason I opposed it in 1933. To repeat, probably in different words, the argument I then used, I expressed the view that according to my understanding of British law, as Parliament by

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statute had created the Canadian Pacific Railway Company and granted it certain rights and powers to build, own and operate a railway system, and to issue bonds, stocks, etc., secured by its physical assets, Parliament could not afterwards, except with the approval or consent of the company, infringe upon, lessen or otherwise interfere with those rights, powers and properties without creating a liability for damages or compensation in some form or other. The very minute co-operation was enforced by or under federal law without the approval of the company, a consequent legal liability would immediately arise. It is for this reason, I would suggest to the honourable senator from Leeds (Hon. Mr. Hardy), that no attempt has been made to alter the law. Immediately a step is taken to enforce co-operation without the approval of the company, and something is done that injures Canadian Pacific property or earnings in any way, the responsibility ensues.

I took that stand in 1933. I said, "This will never operate." Furthermore, the principle of enforced co-operation then suggested was not proper. If the Canadian Pacific had come to Parliament and said, "Yes, we agree that you should put into your law a provision which will enforce co-operation," it would have been all right. But there has always been a hesitancy on the part of all parties concerned to put that into the law. I think the reason for that hesitancy is, as I have stated, the fear of possible future obligations resulting from the exercise of enforcement.

The Duff Commission went on to say that unless it was possible to secure economies in the way they proposed, there must be a decrease in federal expenditures or an increase in taxation, or some other way out must be found. The report of that commission was accepted by Parliament and approved by the public. It was to find some other way out of our railway difficulties that our special committee was appointed, and in the discharge of this committee's duties this alternative report has been presented by my honourable friend from Montarville (Hon. Mr. Beaubien) and is now before us.

The Duff Commission did not condemn unified management or unification, as was suggested by the honourable gentleman from Prince Edward (Hon. Mr. Horsey). I have not before me the exact language that the commission used, but I know they simply took the position that they would not recommend anything like amalgamation or unification, because they believed public opinion at that time was not in favour of it. They did not condemn amalgamation or unification as a possible means of effecting savings.

The Duff Commission warned the people of Canada that the very financial structure of this country would be in danger unless something was done; and we all agreed that something should be done. Let us see what has happened in the seven-year period since the commission reported. Canadian National deficits have been on the increase during that time. Our whole financial position is worse to-day than it was seven years ago. Would anyone deny that federal expenditures have increased? They have expanded and are continuing increasingly to expand in all directions. And is our national debt any lower than it was seven years ago? Not at all. On the contrary, millions have been added to it. Then, will anybody say that our taxation in Canada is on a smaller scale than it was seven years ago? There never was a time when so much money was taken from our people as is now being taken. If during the last seven years we have accomplished nothing more than the few co-operative measures that have been put into effect, and if we are unable to do something to avoid the danger which the Duff Commission said was threatening the very financial foundations of our country, then I say that the commission's report is not worth the paper it was printed on. If that report was correct in its references to our financial situation, then I say that our failure to make worth-while economies during the last seven years should cause us to feel very much ashamed. Unless we in this House and all other members of Parliament take some effective means to remedy the existing condition, we shall be evading our duty to the country.

There is in the original report another statement with which I wish to deal. In the fourth paragraph on page 450 of the committee's proceedings of this year reference is made to the failure or refusal of the Canadian Pacific Railway to disclose vital information, which made it—here I am quoting—“impossible for the committee to give consideration to the proposals included in the larger sphere of savings.” In other words, it is represented in this report that the Canadian Pacific refused to give us what is here termed vital information, which it is said we needed in order to arrive at a fair and proper conclusion.

Hon. Mr. MURDOCK: Quite correct.

Hon. Mr. CALDER: Yes, but not fair. It is quite correct that the company refused to give this information, but the question of whether or not such information is vital must be judged by this Chamber. In my view, all senators who were not members of our committee are entitled to be told the kind of

information that was asked for, the reason why it was requested and the grounds on which it was refused. I want all honourable members to have a clear understanding of our committee's position in this regard. We had a good deal of discussion about it. We were dealing with masses of figures relating to costs and savings, and all that sort of thing, and one element in the committee took the ground that unless the Canadian Pacific gave certain definite information with regard to estimated savings we could not do anything. And the Canadian Pacific refused to give that information.

Now let us see what was wanted. I can best deal with the matter by citing a few illustrations.

1. In the town A, served by both systems, there are two stations, one of which could, under unified management, be closed. Why? There is no doubt that one of the stations is not needed, and money could be saved by closing it.

2. Similarly, in the city B there are two railway shops, one of which would not continue to be necessary. There is no question as to that either.

3. On the railroads between the urban centres C and D, four passenger trains and three local freight trains are run daily, whereas two passenger and two freight trains could readily handle all the business offered—a saving of three trains.

4. In the present railway set-up between the city E and the town F there are two branch lines operating, closely parallel to each other, for a distance of eighty miles. One of these lines could be discontinued without in any way seriously affecting the public interest. I may not have the exact mileage there, but as a matter of fact the railway companies inquired into that and have agreed upon the abandonment, and either it has been carried out or the proposal is now before the Transport Board.

5. Within a given area containing any villages, towns or cities, the total existing average passenger and freight traffic is known. There is no question about that. The books of both companies were open. Railway officials knew exactly the traffic that was being carried within that area by both systems. At present this traffic is handled separately by the two companies, but it was estimated that if the facilities of both were joined, large economies could be effected because of combination of trains, increased car loadings, and shorter haulage, and on many other accounts.

The particular or so-called vital information desired in connection with these and all like cases was what? The honourable leader of the House (Hon. Mr. Dandurand) repeatedly demanded from the Canadian Pacific Railway representatives the name of every town, city and village that would be affected by any of these changes. He said: "Disclose it all. Tell me exactly where these savings will be made. What stations are to be closed, what lines are to be abandoned, what alterations do you intend to make in the routing of traffic? Tell us all that sort of thing." The Canadian Pacific said, "No, we will not tell you that at all." Because that information was not given—and I am sure every honourable member will agree that it should not be given—

Right Hon. Mr. MEIGHEN: Hear, hear.

Hon. Mr. CALDER:—we were told, "We have no means of testing these figures which were submitted for consideration." I think the quite natural and correct answer to all those questions was that the economies could be effected and could be measured, but that the precise manner in which each economy should be brought about by the use of facilities of both systems could be determined only by the board of unified management. The Canadian Pacific stated that it would be unfair, unreasonable and very prejudicial to its interests to disclose at this time to its competitor the precise places where all these economies could be made and the possible or likely use that would have to be made of the facilities of both systems to secure this end.

We heard during our inquiry a good deal about propaganda agencies. I can imagine that the representatives of some propaganda agencies were not very far away, with their ears wide open to get the names of all the places where economies were to be effected, and that there would have been sent from coast to coast news of the dire calamities to fall upon all those communities very soon after our committee had in any way suggested that unification should be carried out. I say advisedly that the information was sought not for the purpose of aiding us to determine whether economies could or should be made, but for the purpose of creating trouble between the two companies.

On the other hand, the Canadian Pacific Railway Company had its yardsticks to measure all economies of this character. Quite naturally, these were attacked by its competitor. Efforts were made in many ways to get over this difficulty, and finally we moved in the committee that in order to ascertain the accuracy of these yardsticks an independent firm of railway accounting experts should be

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engaged to test them. The motion was voted down, and as a consequence we did not have the advantage of such a test. I have often wondered why our proposal was rejected. I do not like to be suspicious like my honourable friend across the way. He sees something wrong in everything.

Hon. Mr. MURDOCK: Oh, no.

Hon. Mr. CALDER: But I have a suspicion that those who opposed the testing of the yardsticks were just a bit fearful of the result. There was a possibility that any reliable firm of experts would clearly indicate that the Canadian Pacific was using the proper yardsticks. At any rate, we know from the evidence that the Canadian Pacific did not hesitate to say: "There are our estimates. They are correct. We stand by them. There are the yardsticks by which we arrive at those estimates, and we are prepared to have any independent, responsible firm of railway accountants come in and test them in any way they like."

Did the Canadian National take a similar position? They filed all kinds of evidence. Last night the right honourable gentleman who sits to my left (Right Hon. Mr. Meighen) dealt with some of those estimates and showed us how they had been changed again and again. Were the Canadian National officials prepared to have those estimates examined and tested by an independent firm of responsible accounting and engineering experts? No, never at any stage of our inquiry. Yet my honourable friend (Hon. Mr. Dandurand) in his report—and it is its main feature—states we were simply not in a position to test the Canadian Pacific figures because our committee did not get the vital information that was necessary, and when we asked for means whereby we could get that vital information we were refused.

I have but one further statement to make with reference to the first report. I have examined it with great care. In my opinion it avoids the main issue as to how economies can be effected. My honourable friend in his statement and in the report, notwithstanding all that has been said, notwithstanding the views of practically all the members of the committee, notwithstanding that Parliament is charged with the idea that co-operation has been an absolute failure, still clings to the hope that large economies can be brought about by co-operation.

Hon. Mr. DANDURAND: When Sir Edward Beatty puts his heart into it.

Hon. Mr. CALDER: Oh, yes; when both sides put their hearts into it. The trouble is that neither side will put their heart into it.

Hon. Mr. HARDY: Hear, hear.

Hon. Mr. CALDER: Because there is not the same incentive on the part of both to co-operate, you have an impossible condition. You cannot create economies in that way. All my honourable friend does is to express a pious hope of fuller co-operation. But no attempt is made to enforce co-operation. I should not say the representatives of the two railway systems have dawdled along; undoubtedly they have worked hard; but conditions are such that effective co-operation simply cannot be achieved. That is my considered opinion.

During the course of our inquiry we received a mass of very interesting evidence. The witnesses prepared their evidence very carefully, and all of it, good, bad, and indifferent, was very helpful to every member of the committee in getting a fairly comprehensive grasp of our railway problem.

I want to refer to only two phases of the evidence, which appealed to me very forcibly. In my opinion, the most startling evidence adduced was that relating to the progressively declining earning power of the railway as a transportation facility, not only in Canada, but elsewhere as well, the world over. In view of all that has gone on during the past two years, I doubt very much whether anyone in this Chamber fully realizes what is taking place in connection with transportation. It is not an event, it is a veritable revolution, and it is changing the status of the railway everywhere. Unless we visualize that properly we cannot begin to deal with this problem confronting us, for that revolution is the crux of the whole situation.

So far as I can recall, we had no rebuttal evidence of any consequence—I should like to be corrected if I am wrong—indicating that any new set of conditions which may prevail in the future, either within or without Canada, would tend to prevent this declining process from continuing, except probably in a temporary and minor way. I ask all members of the committee: What evidence had we, as a committee, that anything would occur either in Canada or outside that would arrest this declining earning power of the railways? I repeat, we had nothing of any consequence. Some pious hopes were expressed that good times may return, that we may have larger crops in the West, that there may be more wheat to haul, and all that sort of thing. This does not get at the heart of the situation. There is a relentless

force at work, which, year by year, month by month, day by day, is cutting the very vitals out of the railways, not only in Canada but elsewhere as well.

If this is true, as I believe it is, of the inevitable, persistent decreasing earning capacity of the railway as a common carrier of goods and persons, it is not at all difficult to foresee and forecast the future financial conditions which are certain to continue on an increasing scale to make their appearance in the operation of our own railway system. We cannot see anything that is going to improve the condition at all, but we do see everything that is going to make it worse. The report of my good friend opposite (Hon. Mr. Dandurand), as I see it, simply means, "Stand still and do nothing."

This new economic condition that exists in the transportation field as a direct result of the invention and operation of motor-driven vehicles is not in any sense a myth or a fairy tale. It is a hard, substantial fact, the effects of which are clearly visible and readily measurable. It is not guesswork at all. You can see the trucks and can count them; you know what they carry, and you know what the railways have lost. This is all easily seen and measured, and you can calculate what the future possibilities are. Only the other day I was reading that in Great Britain at the present time there are half a million trucks operating against the railways. It does appear to me that the situation is such as to demand that with the least possible delay some course of action be taken that will have a strong and effective tendency towards giving our railways a free hand to take part in the struggle for traffic. I shall have a little more to say about that further on.

Evidence that the fight is on and has reached huge proportions exists all around us, from coast to coast. I need not dwell upon that at all. Let me give you a very simple illustration which came to my attention. The other day I asked a member of Parliament, "How many farmers in your neighbourhood take their trucks to the coal fields and get their coal?" The reply was: "All—for a distance of anywhere from one hundred to one hundred and fifty miles around. They think nothing of that. More than that, where the coal is visible on the surface they pick it out of the ground."

But the truck and the bus are not all that have to be considered. What does the future hold in store so far as the air is concerned? We know what is occurring in the north country. There is a fleet of aeroplanes carrying thousands of tons of freight into that

area, which has no other means of transportation. In my opinion aeroplanes will multiply and increase; we shall have larger aeroplanes, aeroplanes of greater capacity; and one of these days they will come down to the inhabited areas and cut into the traffic there.

There is another phase of the truck question. The entire public attitude towards the trucks is favourable. Nobody wants to do away with them. Not only does nobody want to do away with them, but everybody is desirous that they should be facilitated. I read only yesterday that the province of Quebec is proposing to spend \$50,000,000 on the improvement of highways during the next two or three years. For what purpose is this to be done? Is it for the buggy, the wagon, the old cart? Not at all. It is to meet the necessities of the truck and the automobile. And what is proposed in the province of Quebec is proposed in every part of Canada. Our municipalities and provincial governments everywhere are joining in this effort to improve highways so that the truck can go about its business in competition with the railways.

There was another branch of the evidence given before the committee that impressed me very forcibly and compelled me to give it more than usual consideration. I refer to the evidence on behalf of many thousands of railway employees, which was given by officers of various employee organizations. Practically all of this evidence was presented moderately, clearly and definitely, and when it was concluded there could be no doubt in the mind of any member of the committee as to where these organizations stood in relation to the inquiry which was being conducted.

To sum up briefly, the employees of both railway systems—with the exception of one minor group—were strongly opposed to any recommendation that would have any tendency towards a reduction in the numbers of those now employed or in the number of railway employment opportunities. This being their view, they had no hesitation in expressing disapproval of the 1933 Act, which makes provision for the securing of economies through co-operation; and they quite frankly condemned the suggestion that the desired economies should be brought about by some plan for the joint management of our two railway systems. In a word, they were opposed to any economy that would reduce employment or employment opportunities.

Personally, I can quite understand and appreciate this attitude. Within the ranks of the employees there are many thousands

of men and women who feared that your committee would recommend some action which would eventually put an end to their employment or their means of earning a livelihood. As nobody could foretell what might happen along this line, there was a quite natural tendency on the part of all to stand firmly together for the maintenance of the situation as it now exists. In a word, their jobs, their homes, their families, meant more to them than all else, and they feared and abhorred the idea of being thrown on the dole.

As evidence on this aspect of the problem continued to pile up, a query arose in my mind as to whether or not our railway employees as a class had taken full cognizance of and had clearly understood and visioned the future result of the menace which is now relentlessly operating against not only the railways and the owners of the railways, but against the employees as well. This menace has already thrown thousands of employees on the dole, and I am convinced it is certain to produce even worse effects unless something is done to bring about material improvement in our financial situation and to strengthen our railways in their struggle to maintain traffic earnings necessary to keep their employees on the pay-roll.

I need not refer at length to what has occurred in the industrial world. We all know that in every class of business there is in these days a strong tendency to secure economy and efficiency. Quite recently my attention was directed to many instances where industrial employers and employees are co-operating to the fullest possible extent to simplify and improve methods of production, to cut out unnecessary costs, to reduce handling charges, to eliminate waste of all kinds, and generally to strengthen and better in every possible way the industry in which both are vitally interested. In any line of business where the competitive element is present, action along these lines is essential if the business is to survive and provide employment opportunities.

But what is the situation to-day as to our two railway systems? Over a long period of years the two systems were developed, extended, and equipped with all the facilities deemed necessary to enable them to compete vigorously and aggressively with each other for traffic. As we now know, the results were far from satisfactory in any sense. Then suddenly, as it were, a new competitor appeared—not on rails, but on the highways. This new competitor rapidly multiplied its facilities, gained in public favour, enormously increased its business and cut deeply into the

earning power of both railways, the inevitable result being that many thousands of railway employees were discharged without compensation of any kind.

As a direct consequence of all that has taken place during the past fifteen years, our two railway systems continue to compete with each other and to carry on a hopeless fight against trucks and buses. Each of these railroads maintains its own administrative offices and staff, its separate trackage, rolling stock, terminals, shops, stations, equipment of all kinds, telegraph and express facilities, soliciting and advertising agencies, and so on.

What is the situation with respect to traffic? Our railways have two or three times the facilities that are necessary to take care of traffic that now exists or that will be offered for years to come. But the main report presented to us recommends that the situation be not disturbed, that it be allowed to remain as it is. The report says, in effect: "It is true that the railways are equipped to handle far more business than is offering, but there are other considerations to be taken into account. Do not attempt to make any real saving that will better the situation. Let us go on, as we have done for the past five years, seeing what can be accomplished under co-operative measures."

I venture to express the conviction that the responsible officers of railway labour organizations are thoroughly familiar with all the details of the situation as I have attempted to outline it, and that from their own knowledge, gained through long experience, they can see around them everywhere, from coast to coast, almost countless opportunities for eliminating duplication, for lowering operating costs and for removing very many useless and wasteful expenditures. But, as we know, these officers are opposed on principle to the making of such savings, because they know one result would be loss of employment.

By way of contrast to the stand taken by our labour organizations, I desire to draw attention to the attitude of British railway employees in a somewhat similar situation. Most unfortunately, in my view, our committee did not have the advantage of any substantial evidence relating to the British railway situation. I suppose there would have been no way of getting such evidence except by having witnesses come from England. As regards this branch of my remarks, I wish to state frankly that it is based, not on evidence submitted to the committee, but on information that I gathered during the two sessions in which we have been dealing with this problem.

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Some two or three years after the close of the Great War, for various reasons that need not be referred to here, virtually the entire railway system of Great Britain was in such a chaotic condition that the Government felt compelled to institute an inquiry with a view to ascertaining the best means to be adopted, in the interests of all concerned, to place the entire railway mileage of Great Britain on a sound economic basis, and at the same time to provide the public with more efficient service. In due course, upon completion of the inquiry, Parliament passed an Act under which no fewer than 120 of the 126 then existing railway companies were amalgamated into four distinct systems, each under separate management. The physical assets of the 120 companies, including trackage, buildings, offices, shops, rolling stock, equipment and facilities of all kinds, were in effect thrown into a common pot, from which was taken all that was needed to provide these four systems with the requirements for successful operation by staffs of employees selected from the personnel of the 120 companies. The process of amalgamation covered a period of years and was necessarily accompanied by the fullest co-operation among the managements of the four systems established. During the course of amalgamation continuous efforts were made to effect economies in all directions. From time to time thousands of employees were discharged. To take care of this situation compensation was provided for, all cases being dealt with by a board.

While the process of amalgamation was proceeding the motor vehicle came in as a competitor. Without going into details, hundreds, yes, thousands of other employees were thrown out of work. Then the employees themselves joined the railway management in the fight against the truck and the bus. They also endeavoured in every way possible to secure economy, because they realized its essential importance; and they co-operated whole-heartedly to reduce expenditures and increase efficiency.

In this British situation, it seems to me, the great majority of the employees concerned took the long view, not only of the problem which confronted the nation, but also of that which confronted themselves. They apparently realized that the railway as an institution, in order to provide employment and hold its employees, simply had to be placed on a sound economic basis, and that duplication of services, unnecessary expenditures, inefficiency and waste of all kinds had to be discarded. So far as I have been able to ascertain from any source, British railway labour did not at

any time during the period of reorganization and readjustment raise any serious objection to or take concerted action against the broad policy laid down, or the various methods adopted to work it out.

I think the attitude of the British railway employees is the correct attitude. Unless the railway is placed in a position where it can earn money to hold its employees, those employees are bound to lose out. In this country, apparently, railway labour is taking the short view; that is, the men regard the situation from the present-day standpoint. If they fail to realize the fact that railway employment cannot long continue unless the railway itself is able to pay its employees, they will find themselves ultimately in an untenable position.

I do not wish in any way to give advice to railway men as to what their views should be. Personally, I have had the greatest difficulty in understanding why railway labour in this country and in Great Britain should be diametrically opposite in their respective attitudes towards this question.

I think, honourable members, I have said enough at this late stage of the debate. I doubt very much whether anything further can be said, as the whole field has been pretty well explored by honourable members who have already spoken, and I think it is about time we took a vote.

At six o'clock the Senate took recess.

The Senate resumed at 8 p.m.

Hon. C. C. BALLANTYNE: Honourable senators, I desire to make a very brief statement before casting a vote on this amendment. From the standpoint of the whole people of Canada, and especially from the standpoint of the taxpayers of Canada, I have no hesitation whatever in supporting the amendment.

In 1933 I supported the Canadian National-Canadian Pacific Act, believing that co-operation should first be given a fair trial. I did this particularly for the reason that I had great confidence in the personnel of the Duff Commission and knew they had made a very thorough enquiry and a conscientious report. At this distance I cannot but think that in some measure the Duff Commission were misled. A study of the evidence before the Senate Railway Committee shows that witnesses who made definite representations to the Duff Commission, as to savings which could be effected by co-operation, very suddenly changed their minds not long after the commission reported, and from that time on were continuously pessimistic as to co-operation. Hav-

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ing listened to nearly all the evidence submitted, I have not the slightest hope of any practical results in the way of co-operative economies. In 1933 I made up my mind that if the trial then decided upon did not succeed, there was nothing to do but unify the managements of the roads.

It seems to me the case on behalf of unified management, as embodied in the amendment, and based entirely and very thoroughly on the evidence given before the committee during the past two sessions, is complete and unanswerable. As the report of the committee is circulated and studied by the people of Canada, it is bound to create a lasting impression on thoughtful citizens throughout the Dominion.

Let me say in this connection that if it could be truthfully alleged that the Canadian Pacific Railway Company did not faithfully live up to the provisions of the Act of 1933 and make every endeavour to effect co-operative economies, one would not be so ready to take a sympathetic view of the attitude of that company. However, after having studied the evidence carefully, I challenge anyone to produce from it anything that would support any other conclusion than that the Canadian Pacific officers sincerely tried to make every possible saving which would not unduly sacrifice the interests of their company. Indeed, it seemed to me that in that respect they were much freer from blame than were the officers of the Canadian National.

Despite the testimony of all the witnesses, and even despite the efforts of some of his followers, the leader of the Government (Hon. Mr. Dandurand) has found it impossible to refrain from constantly suggesting that co-operation was blocked by the Canadian Pacific Railway. The honourable senator from Inkerman (Hon. Mr. Hugessen) openly protested against his leader's draft report to the committee on the ground that it contained a statement that the Canadian Pacific had blocked co-operation, and he forced his leader to remove this suggestion from the report.

Since the whole case of the honourable leader depends on the ability of the Government to obtain co-operation, it may be well to consider whether the Canadian National has ever shown any inclination to block co-operation. After all, if the Canadian Pacific did block co-operation, it would be because, as a private company, it was trying to protect itself. Any blocking of co-operation on the part of the Canadian National would be a refusal by a government department to obey the orders of Parliament.

It might be interesting to turn to page 198 of the proceedings of 1938, where Mr. S. W. Fairweather is on record as stating that the

reason why the Canadian National could not get on with co-operation in telegraph services was that the railway company had not been able to persuade the Montreal Telegraph Company to make a reasonable arrangement regarding the lease of the old Montreal Telegraph System to the Canadian National.

Hon. Mr. PARENT: May I ask the honourable gentleman where he finds that statement?

Hon. Mr. BALLANTYNE: I will answer my honourable friend in a moment.

Hon. Mr. PARENT: It is surely not in the report.

Hon. Mr. BALLANTYNE: If my honourable friend gives me a chance, I shall indicate where the statement is to be found.

Unfortunately for Mr. Fairweather, a few days afterwards the Montreal Telegraph Company wrote a letter to the committee, which was read into the record. It will be found at page 964 of the 1938 proceedings. That letter clearly indicated that failure to reach an arrangement over the leased property had been due, not to any obstruction on the part of the Montreal Telegraph Company, but to complete absence of negotiation by the Canadian National with the telegraph company. From this it would appear that there had been some neglect, if not blocking, on the part of the state railway.

In addition, Mr. Fairweather admitted that the Canadian National had definitely refused to go ahead with an express merger. It would be very interesting to the public to know the true reason why the express or telegraph services have not been merged. Has a merger been blocked by the Canadian Pacific, or by the Canadian National? Here are obvious instances where co-operative economies may be quickly and conveniently made. The honourable senator from Lethbridge (Hon. Mr. Buchanan) suggested that mergers of services like these should be tried out before any general scheme of unification was decided upon. It is most important that blame for failure to unify either the telegraph or the express system should be properly allotted, if the public is to be able to judge what the chances of making important savings through co-operation really are.

In answer to my honourable friend from Kennebec (Hon. Mr. Parent), let me say that the testimony given by Mr. Fairweather with respect to the Montreal Telegraph Company may be found at page 198 of the committee's 1938 proceedings. In answer to a question he said:

Facing this particular difficulty, and wanting to make this economy, negotiations were opened with the Montreal Telegraph Company to acquire their stock. That is, they were informal negotiations. We just could not get, as the saying is, to first base. You could not get anything. They felt they had a good thing.

Here is the letter which the Montreal Telegraph Company wrote to the committee. It was signed by Mr. H. E. Rawlings, president of the company, and addressed to the Joint Chairmen. As I have already said, it is to be found at page 964 of the 1938 proceedings.

On the afternoon of Friday, April 13, 1934, following an appointment as to the day and hour, I was waited on by the Hon. C. P. Fullerton, in the company of two other gentlemen, for the purpose of his making, without having given any notice of the motive of his visit, the unexpected enquiry as to what proposition the Montreal Telegraph Company had to make in order to enable the Federal Government to bring about a consolidation of the Canadian Pacific and Canadian National Telegraph Companies, to which the Montreal Telegraph Company was an obstacle.

My reply to Hon. Fullerton was that the Montreal Telegraph Company had no proposition to make but it would be open to receive one from the Federal Government, relative to which I would write him after I had conferred with the Directors of the Company.

Subsequent to a meeting of the Directors of the Company, held April 19, 1934, at which the matter was discussed, a letter as per copy enclosed was addressed to Hon. Fullerton, and no acknowledgment has ever been received from him.

Subsequent to such letter to Hon. Fullerton an interview took place between Mr. F. K. Morrow and myself, the essence of which was submitted to the Board of Directors of this Company on December 26, 1934, upon which date I wrote to Mr. Morrow as per copy attached, accompanied by a memorandum referred to, since when nothing further has been heard of the matter from him.

I think you will agree that Mr. Fairweather's testimony is not entirely in accordance with facts and gives a wrong impression which merits this correction.

I merely wished to place these facts on the record, so that persons who desire to make further reference to what the Senate is doing on this matter may be equipped with correct information. I think I have made it perfectly clear to my honourable friend from Kennebec (Hon. Mr. Parent) and to all other honourable members that the Montreal Telegraph Company set up no obstacle to the consolidating of the telegraph companies, and that there was no fault in this respect on the part of the Canadian Pacific Railway. The Canadian National alone is responsible for the failure to bring about a consolidation.

Hon. Mr. PARENT: To make myself clear, I wish to say that the reason I questioned my honourable friend's statement was that I misunderstood what he said. He was quite correct.

Hon. J. L. P. ROBICHEAU: Honourable senators, before this matter is put to a vote, I should like to make a brief statement as to my views.

We have before us a choice between two propositions: co-operation, and unification of management. The first has been tried for six years, and no one would even attempt to contend that it has proved successful. On the other hand, no one denies that unification of management would effect great savings. To argue against this would be equal to contending that a farmer was justified in keeping two horses when he had only work enough for one. However, despite all that is said in support of unified management, I cannot bring myself to believe it would permanently solve our railway problems.

We of the Maritimes are timid with respect to railway questions. As an inducement to join Confederation we were promised a railroad that would carry our goods to Upper Canada markets. This promise was fulfilled in the building of the Intercolonial Railway, over which we were given rates that made it possible for us to attain those markets. Eventually the Government went into the railroad business on a larger scale and merged the Intercolonial with the greater system. As a result the Intercolonial lost its identity, pledges to the Maritimes were forgotten and we were faced with prohibitive rates which defeated one of the purposes of Confederation.

In Canada we have ten governments, nine of which are now engaged in business with truck and bus owners. Every mile of hard-surface highway that is built creates more competition for our railways, and the time is not distant when all of the paying transportation business will be in the hands of the provincial governments and their associates, for at least nine months of every year. But let us remember that if we want railways to operate during the winter we must give them a chance to live in the summer.

The real railroad situation is, I believe, more clearly perceptible in the small provinces than in the large ones. I remember when the section of the Dominion Atlantic Railway between Yarmouth and Annapolis Royal, N.S., (the oldest town in Canada), was served daily by a way-freight from each place, and special trains had to be run at times to handle the business. But all way-freight services have now been abandoned. Although there is no railroad competition in this section, the way-freight business is absolutely dead. When the business is all gone it makes no difference whether you co-operate or unify railroad lines; the result is the same then, whichever course you take.

Hon. Mr. PARENT.

There is a way in which this Government can solve the problem. They can ask those provinces where the people insist on having different kinds of transportation, to contribute towards making good the railway deficits or else, if all the present forms of transportation cannot be afforded, to state which should be dispensed with. After all, while there are various kinds of transportation, there is but one bearer of the country's financial burden—the taxpayer.

Before subscribing to any plan for unification I should like to know on what basis the Intercolonial Railway would be affected. We of the Maritimes still hope it will be operated on the basis originally promised. If its identity is to be further bedevilled by any scheme, I certainly cannot support such a scheme.

I know the present condition of our railways is bad, and we cannot look for a remedy in co-operation. But bad as the condition is, I would rather face it than start upon a journey whose end I cannot foresee.

Hon. R. B. HORNER: Honourable senators, before I vote I should like to state where I stand. I intend to support the amendment of the honourable senator from Montarville (Hon. Mr. Beaubien). Some of the speeches that have been made in this debate gave me the impression that among members of the committee there was a tendency to regard the managements of both railroads as being all that could be desired. A little spice might be added to our discussion if I were to offer some criticism. Perhaps I have had more recent experience and personal knowledge of railroad matters than any other honourable members of the House. In my opinion, both our railroads are somewhat to blame for the position in which they find themselves. Certainly the Canadian National, because of the uncontrolled extravagance in which it indulged, has been to a large extent responsible for bringing about the difficulties now facing both roads. We have heard considerable criticism of the big expenditure that is going on at Montreal. That is only one instance. Out in Saskatoon a station is being built at a cost of \$275,000, which is at least \$200,000 more than is necessary to spend on it. In one small city the Canadian National has a \$4,000,000 hotel. That hotel could not possibly be made to pay unless the room charge was \$15 a day, but the fact is that anything more than \$2.50 or \$3 would be considered exorbitant in such a small place.

On a previous occasion I referred to some instances of Canadian National extravagance that had come to my personal knowledge. Out in Vancouver there was a man with a special private car who was costing the com-

pany \$40,000 a year and in return doing nothing but creating turmoil among the ordinary workers, many of whom had long seniority. It is not too much to say that he disrupted the morale of employees from the coast right through to Winnipeg. If it will add a little more spice to our proceedings, I will say that his appointment was due purely to Liberal politics. He spent \$4,000 of the people's money on the grounds around his house. Then there was a \$60,000 man who, so far as it could be learned when the Bennett Government came into power, was performing no service at all. Incredible as it may seem, he was not doing a single thing. And another man, who had a staff to help him, was giving away some of the Canadian National's property. He was let out, and certainly it was never afterwards suggested that his services were required. Thousands of dollars have been thrown away to no purpose.

In my opinion the present Government have been largely responsible for the position the Canadian National system is in to-day. I am very much disappointed at the attitude of the honourable leader of the House, because I think it is the duty of the Government to take appropriate measures to meet the serious situation that must inevitably confront us within a short time. Unlike the honourable member from Parkdale (Hon. Mr. Murdock), I am not concerned with the wages and hours of service of one section of labour only—railroad men. I am concerned with the welfare of labour from one end of Canada to the other.

Hon. Mr. MURDOCK: Hear, hear.

Hon. Mr. HORNER: To-day the standard of pay of railroad men is three or four times as high as that of the men who are paying freight rates. It is of the utmost importance to every labouring man in Canada that our railway rates should not be increased, but when I consider the critical condition confronting us I can come to only one conclusion: unless some remedy is applied, by unification or otherwise, we shall have to pay higher freight rates in the near future. It is vitally important to the continued export of the great product of the West, wheat, that the present grain rates should not be raised. For this reason I am very much concerned that the Government are taking no steps to avert a crisis in the railway situation, and I shall support the amendment.

Hon. EUGENE PAQUET: Honourable members, I desire to justify my vote, but I shall detain the House for only a few minutes.

(Translation) There is no need for me to apologize for using my mother tongue in this Chamber. Their Majesties themselves have spoken in our language and have asked us to maintain jealously our French heritage. The lesson is a great one, coming from the Throne itself.

I shall offer but a few observations. Because of the disastrous results of our railway administration the Canadian people are demanding measures of reform; they are insisting upon the institution of a system capable of producing greatly needed economies and protecting the financial integrity of the nation.

Canada is to-day paying very dearly for the peculiar railway structure with which she has provided herself. Without this railway backbone, however, this country could not have survived as an economic entity. It is these lines of steel which make it possible for the wheat from the Prairies to reach the Great Lakes and the ocean. Our railways are a primary factor in the unity existing between East and West, as well as an important link in the chain of communications between the countries of the Commonwealth.

In 1938 the prorogation of Parliament interrupted the Senate inquiry. But shortly after the opening of the present session the committee set itself to the task of investigating the burden laid upon the Dominion treasury, with a view to seeking appropriate remedies for this very serious problem.

Lawmakers of Canada, we are called upon to solve a problem which is really world-wide. The troubles of our railways have been shared in recent years by most of the railways of Europe and America. I am not as pessimistic as many Canadians are about the future of our railways. The advisability of the creation of the Canadian National system cannot be judged solely by financial results. In the words of Mr. Hungerford, General Manager of the Canadian National Railways:

The operation of the National system is justified by other and better reasons than financial profit. It is justified by service rendered to the public. I am firmly convinced that in that respect the Canadian National Railways, far from being a menace to the country, have greatly contributed and will continue greatly to contribute to the development of Canada. Such a service more than makes up for the inadequacy of the system's income to meet its bonded debt.

The section of the National system extending from Quebec bridge to Edmonton was constructed because the national interest demanded its establishment for the purpose of developing colonization, agriculture and industry.

The report of the Conservative leader in the Senate recommends the unification of the

Canadian National and the Canadian Pacific systems under a single management. The two reports submitted to the Senate contain the warning already uttered by the Duff Commission, to the effect that the financial structure of Canada could not long stand the increasing deficits of the Canadian National Railways. Voluntary co-operation has not led to any progress so far, and offers no hope for the future. Under unification, however, there is reason to hope for good results.

The Conservative leader in the Senate, one of the greatest parliamentarians Canada has known, is deserving of praise for his attitude in this matter. Six years of so-called co-operation between the two railways have not produced the slightest improvement.

The Government leader in the Senate (Hon. Mr. Dandurand) set forth what should be the Government's role in the settlement of the railway problem. I congratulate him on the efforts he has made, both in this House and outside, to improve the railway situation.

The amendment of Hon. Mr. Beaubien was agreed to on the following division:

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Macdonald	Sinclair
(Cardigan)	
Webster	Logan

Hon. Mr. PAQUET.

The Hon. the SPEAKER: The amendment is carried. Is it your pleasure, honourable senators, to adopt the main motion as amended?

Hon. Mr. BEAUBIEN: On the same division.

Hon. Mr. PARENT: Honourable senators, I counted the vote as it was being taken, and it was much closer than has been reported. By my count it is pretty nearly even.

Some Hon. SENATORS: No, no.

Hon. Mr. BLACK: I think the honourable gentleman ought to prove his statement.

Hon. Mr. PARENT: I kept a record. There is no other way in which I can prove my statement.

Hon. Mr. RAINVILLE: I also counted the vote, and I would say the figures given are correct.

Hon. Mr. HARMER: Is there any possibility of challenging the count? My record shows 24 to 25.

Hon. Mr. DANDURAND: Call the names.

Hon. Mr. MURDOCK: I kept a record, and it shows 25 to 21.

Right Hon. Mr. MEIGHEN: You are quite right.

The Hon. the SPEAKER: Call the names again.

The names being called a second time, the vote was confirmed: Contents, 25; non-contents, 21.

The motion as amended was agreed to on the same division.

DIVORCE STATISTICS, 1939

Hon. C. W. ROBINSON: Honourable senators, perhaps I may be permitted at this time to submit a summary of the work done by the Divorce Committee during the present session.

For the present session 62 notices of intention to apply to Parliament for bills of divorce were given in the Canada Gazette. Of the foregoing 60 petitions were actually presented in the Senate and dealt with by the Committee on Divorce, as follows:

Unopposed cases heard and recommended..	45
Opposed cases heard and recommended..	5
Opposed cases heard and rejected..	2
Applications not proceeded with..	8
	<u>60</u>

Of the petitions recommended 11 were by husbands and 39 by wives.

just as good quality and is as readily salable as if it had a lower moisture content.

If that is so, then I cannot see why farmers would suffer because of the amendment proposed in this Bill. On the contrary, I can see that the practice which this amendment seeks to sanction would lead to a larger demand for No. 1 Northern tough for purposes of mixing which, as it has been explained to me, does not reduce the quality. It has also been pointed out to me that the spread between No. 1 Northern and No. 1 Northern tough is now, as a rule, very much less than it used to be, the smaller spread being due to the wider demand for No. 1 Northern created by the mixing privilege. If I am right on my facts, I can see no reason for objection to this amendment; on the contrary, it seems to me the amendment would be beneficial to farmers. If I am not right on my facts, I should like to be corrected, because I feel that unless I am convinced they are wrong I should vote for the Bill.

Hon. R. B. HORNER: I will try to explain to the right honourable gentleman where he is wrong as to the facts.

Any miller will tell you that wheat of the best quality is produced by stacking it for about three weeks. By that process a slight heat is created and the grain acquires a perfect colour. The next best method is to stook the wheat in large stooks and let it cure naturally.

I was unable to understand why the amendment proposed in this Bill was favoured by Mr. Ross, the honourable member who represents Moose Jaw in another place, but as I was coming into the building this evening the reason suddenly struck me. It is this. On the plains out there the farmers use the combine, and it is nearly impossible to get grain perfectly dry when cut with a combine. They would get a higher price for their tough grain if they were allowed to mix it with our grain that is cut in the more expensive manner. Very often the grain which is cut with a combine contains tough kernels, green kernels, and other objectionable features. Only about 10 per cent of the Western wheat crop is cut by the combine, or combination thresher.

There has been a lot of discussion about raising the price of tough wheat. The spread between No. 1 Northern tough and No. 1 Northern dry wheat varies from month to month, from week to week, and from day to day. In a very wet year it is impossible to get your grain dry. For instance, in 1916, I think it was, we had rain almost every day, and consequently our grain was wet. There

Right Hon. Mr. MEIGHEN.

were 150,000,000 bushels on hand, and it was feared we might have great difficulty in selling on the English market. The Government of Sir Robert Borden guaranteed to make good any loss that might occur through heating of the grain in transit to Great Britain. Successful negotiations for sale of the grain were carried on with the British Government by the late Honourable Robert Rogers, who went to England, and fortunately every bushel of the wheat arrived over there in good condition; so the Government did not have to pay anything on account of their guarantee.

What I am concerned about is that mixing as permitted under this amendment would lower the grade of the wheat, and we should lose the special premium that we have enjoyed in the Old Country. As honourable members know, our grain has always been regarded over there as the world's best. We want to maintain that reputation. I am very deeply concerned about this amendment, and I say as forcibly as I can that it is an undesirable one. I will not detain the House any longer, but I should like to have the Bill put to a vote.

Hon. J. J. DONNELLY: Honourable senators, I cannot altogether agree with what has been said by my right honourable leader (Right Hon. Mr. Meighen). This amendment would permit mixing so long as the moisture content did not exceed 14.4 per cent. Wheat grown in the dry belt of southern Alberta contains less than 10 per cent moisture. We all know that the less moisture there is in wheat, the greater is the percentage of flour obtainable. The smaller the moisture content, the better the result will be when the miller grinds the grain, and consequently the higher the price that grade will command on the English market. I think that mixing as provided for here would in the long run have the effect of lowering the price of our No. 1 Hard wheat.

Hon. Mr. DANDURAND: Would honourable senators allow me to read a statement concerning the section to which my honourable friend from Saskatchewan North (Hon. Mr. Horner) objects? I believe my right honourable friend opposite (Right Hon. Mr. Meighen) has expressed the view—

Right Hon. Mr. MEIGHEN: Would the honourable gentleman excuse me? I did not express a view. I simply said that if mixing would not reduce the quality, for selling purposes, I would support the amendment.

Hon. Mr. DANDURAND: Honourable members who are familiar with the facts will be able to judge whether or not the statements contained in the document are correct.

If they are, we shall then be able to consider their application to the principle of the amendment. The statement reads:

In the Act as consolidated in 1930 the mixing of grain was prohibited in grades No. 1 Hard, No. 1 Northern, No. 2 Northern and No. 3 Northern at the terminal elevators, and the out-turn standard was raised above the incoming standard. The stipulation was that no grain other than grain of the same grade could be binned with any of the top four grades.

Nothing, however, was placed in the Act in regard to moisture content. This had always been handled by the board under regulation, and never shown in the schedules of grades. The Act of 1930 was therefore open as to moisture content: it did not say that No. 1 Northern 14 per cent moisture and No. 1 Northern 16 per cent moisture could not be binned together.

The Board of Grain Commissioners on the advice of their own chemists, of mill chemists, of the National Research Council, the Associate Council on Grain Research, and a great number of practical grain men, decided to allow tough grain of the grade to be binned with the straight grade for the purpose of drying the tough grain.

Now that the Act is being amended the board have asked to have this practice legalized which has been carried on for ten years by permission of the board in the absence of direction under the Act.

The practical side of this proposition is this: if tough grain must be artificially dried it costs five cents per bushel and the grain will probably lose a grade; in other words, the farmer gets from 8 to 10 cents per bushel less for it. By allowing the drying of tough wheat by binning it with the straight grades of the same grade, i.e. No. 1 tough with No. 1 Northern; No. 2 tough with No. 2 Northern; No. 3 tough with No. 3 Northern, the spread in price in between the toughs and the straight grades has narrowed to from 2½ cents per bushel to 1½ cents per bushel, whereas it used to be 8 to 10 cents.

Straight grade grain must contain in moisture not more than 14.4 per cent; tough, 14.4 to 17 per cent; damp, 17 per cent up. This section of the Act only covers the tough wheat; damp must be dried artificially.

Evidence before the Agricultural Committee of the House of Commons by Mr. Hamilton of the Board of Grain Commissioners, and by Mr. R. H. Milliken, representing the three Western wheat pools, was to the effect that there was no complaint whatever in regard to this practice from United Kingdom buyers or continental buyers; that the only complaint was that some Garnet wheat had been allowed into No. 3 Northern, which was detrimental. This placing of Garnet in No. 3 Northern has been stopped by the board. Both these men stated that in both the United Kingdom and on the continent the opinion of all was that Canada's grain was of the finest quality and superior to all others.

Australian wheat has a moisture content of 8, 9 and 10 per cent, but does not command as high a price as Canadian wheat which has a moisture content of 11, 12, 13 and 14 per cent.

I conclude from this memorandum that the practice established by the Board of Grain Commissioners has been beneficial to farmers of the West. Since 1930 or 1931, when the regulation was made, farmers who have had

tough grain on their hands have been able to take advantage of the regulation and get a higher price. That being the case, it seems to me that if we rejected the amendment the Board of Grain Commissioners would feel that the practice should not be continued and would cancel the regulation.

Hon. W. M. ASELTINE: In spite of what has been said by our two leaders, I fear this clause will open the door to indiscriminate mixing.

Hon. Mr. DANDURAND: It touches only one grade.

Hon. Mr. ASELTINE: In that connection I would say that I know several prominent farmers from Western Canada who have visited the Old Country and brought back samples of wheat which had been sold there as No. 1 Northern. When those samples were taken to the elevators back in Saskatchewan, the operator said that such wheat would grade a poor No. 3. This shows that in spite of our regulations something is going on with regard to mixing which we know nothing about. The grading is so stiff that it is difficult to get No. 1, but apparently the wheat which we sell at the elevators in the West as No. 1 is mixed with other wheat before it is sold in the Old Country, and the mixture would be regarded here as only No. 3 grade. For that reason I fear that if we allow this section to pass, we shall be asked next session to extend the privilege of mixing until the door is thrown wide open.

Hon. Mr. BUCHANAN: Does the honourable senator think the wheat pools would support this amendment if harmful to the farmer?

Hon. Mr. HORNER: The large terminal elevators at Buffalo and Fort William would like the amendment. They would be able to make money by taking advantage of the section.

Hon. Mr. BUCHANAN: I do not think we should go contrary to the interests of Western Canada.

Hon. Mr. DANDURAND: I understand Mr. Milliken represented the three Western wheat pools.

Hon. Mr. HORNER: The statement which the honourable leader of the Government has just read, that the farmer might lose a grade if he had his wheat dried, proves my argument that the tough grain you dry with your dry grain is not the quality of the original dry grain, and you lower the quality of your No. 1 Hard wheat.

Hon. Mr. DANDURAND: The drying refers to the damp wheat.

Hon. Mr. HORNER: Certainly. It would take the British Army to staff all the elevators. The grain is run out of one bin into another, and this helps to dry it if it is a little tough. But the proposed section would extend the privilege to the terminal elevators, and that I am opposed to. I would not give them this loophole.

Right Hon. Mr. MEIGHEN: There is only one thing I should like to have cleared up. I want to know whether No. 1 Northern wheat with 14.4 per cent moisture content will sell for as much money as No. 1 Northern with 10 per cent moisture content. This memorandum does not help me in the least. To tell us that Australian wheat with less moisture than Canadian wheat sells for less money does not get us anywhere. The quality of our wheat is wholly different from Australian. I was assured by Mr. Ross, and I think by another gentleman, that wheat with 14.4 per cent moisture is just as valuable as that with 10 per cent, and that the moisture content only affected the keeping quality of wheat while in transit, especially through the Panama Canal. If, that is so, I do not see anything wrong in the Bill; but I must say it does not seem quite natural that that should be the case. As the honourable senator from South Bruce (Hon. Mr. Donnelly) has said, you cannot make flour out of moisture, and one would think that a car of No. 1 Northern wheat with 10 per cent moisture would sell for more than a car with 14.4 per cent moisture. I have to be convinced to the contrary before I can support the Bill as it stands.

Hon. Mr. MARCOTTE: Another reason why farmers are opposed to mixing is that the terminal elevator companies would make the profit. When a farmer brings a load of wheat to the local elevator, if it is graded tough he loses right there 8 or 10 cents a bushel on its sale to that local elevator. At the terminal elevator that wheat would be mixed with dry grain, which would improve its grade, but the farmer would not get one cent extra.

Hon. Mr. ASELTINE: The elevator company would get the difference.

Hon. Mr. MARCOTTE: Certainly. If the section specified the local elevator instead of the terminal, then I should say the farmer would watch his local elevator and get the advantage.

Hon. Mr. CALDER: This is a somewhat complicated question, but I do not view the situation as my honourable friend does. My

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understanding is that at the present time, if what we call tough No. 1 reaches the market, the farmer gets the advantage.

Hon. Mr. MARCOTTE: Oh, no.

Hon. Mr. CALDER: Anything that is graded up to No. 1 can have any content of moisture up to 14.4 per cent and still be No. 1. The price for No. 1 is fixed by the market.

Right Hon. Mr. MEIGHEN: Which would the miller rather have?

Hon. Mr. CALDER: That is a question of milling.

Right Hon. Mr. MEIGHEN: It is important, but not so far as the market price is concerned.

Hon. Mr. HAIG: Yes, that is where the importance lies.

Hon. Mr. CALDER: But there are, so to speak, grades of grain No. 1 Northern that may have any moisture content up to 14.4 per cent. When that percentage is exceeded you have tough No. 1 Northern. By practice, as I understand, not by law, those engaged in the grain trade in Western Canada have been permitted by the Board of Grain Commissioners to mix No. 1 tough with a standard No. 1. Everyone in the country knows that is permitted. The practice has grown up under the permission of the Board of Grain Commissioners, with the result that when No. 1 tough reaches the market there is a spread of only 1½ to 2½ cents between it and No. 1 standard.

Hon. Mr. HORNER: That would all depend on the quantity of tough wheat in the country.

Hon. Mr. CALDER: Yes. There might be a slight difference there. The difference would not be very great. Those who are in the trade say, "We have here a quantity of wheat with a moisture content of only 12 per cent." They are permitted to have 14.4 per cent in that and still call it No. 1. So they take a quantity of No. 1 tough and mix it with No. 1 standard, and so long as the moisture content does not exceed 14.4 per cent they can sell the mixture as No. 1 standard. It seems to me the farmer gets all the benefit, because when he goes to the market with his wheat he gets the price of No. 1 standard. In the old days when this was not permitted the farmer got 8 cents a bushel less all through the country.

Hon. Mr. HORNER: He will get it again, too, if there is much tough wheat.

Hon. Mr. CALDER: I cannot see it.

Hon. Mr. HAIG: Let me try to clear this up. The price is largely fixed in Liverpool or London. If we have had good weather it is known there, and if the grain harvested is dry the price is on the up-grade. In good years anybody who has tough grain gets a better price, but he gets it at the expense of the man who has the very dry grain.

Hon. Mr. CALDER: How can that be avoided?

Hon. Mr. HAIG: The honourable gentleman from Saltcoats (Hon. Mr. Calder) is right and wrong, both at the same time. If there is not very much tough grain the man who has it can make practically $1\frac{1}{2}$ cents a bushel by mixing, and it does not cost him anything to do it. But the buyer in Liverpool, knowing that mixing is permitted, will not pay as much for No. 1 as if the other system were in effect.

Hon. Mr. CALDER: What troubles me is the fact that the Board of Grain Commissioners have allowed this very thing to go on.

Hon. Mr. HAIG: I know it, but you cannot find a farmer in the West who is not very much afraid of mixing.

Hon. Mr. DANDURAND: But it has occurred.

Hon. Mr. HAIG: If I am a grain buyer for a miller in London, and I know that mixing of any kind is not allowed in Canada, I will pay a much better price for the grain than I would if I knew the elevator company could mix it so as just to skin the 14.4 requirement. The dry grain is better for milling purposes. Remember, rain and snow are not the only things that cause damp grain. We have in Western Canada a system of combining which was brought in because of the high cost of labour. Under this system the grain stands in the field. It may be that a man has a field of 160 acres of grain which is not quite ripe, but very nearly so. He will go in and cut it before it is ripe, because it may be hailed out, or may be blown out by a heavy wind. That grain is tough, because it is a little green. It is put in the stook, where it dries out and matures.

Hon. Mr. BUCHANAN: How often do they combine wheat when it is not fully ripe?

Hon. Mr. HAIG: They do it in Manitoba frequently. The honourable senator comes from Alberta, where the weather is very dry. But that is not the real issue. The real point is that once the European buyer knows we allow mixing, the price of No. 1 goes down.

Hon. Mr. BALLANTYNE: Mixing has been going on for the last ten or twelve years under regulation. Would the honourable gentleman tell us how it has worked out?

Hon. Mr. HAIG: It has worked out to the advantage of the elevator companies and nobody else. Every farmer in Manitoba will tell you that. I can understand Milliken and his company being in favour of this, but the ordinary farmer does not want mixing in any form. I know what I am talking about, for I have lived in that country. My father farmed there before me, and I am now farming myself.

Let us take potatoes as an illustration. Potatoes are graded. If the mixing of potatoes were allowed you would soon have a similar protest from the producers. The honourable senator from Peel (Hon. Mr. Marshall) says what is allowed under this Bill is not mixing. But it is the first sign of mixing.

Right Hon. Mr. MEIGHEN: If the honourable gentleman is right as to his facts, I should think every objection which is tenable in the one case would be tenable in the other.

Hon. Mr. DANDURAND: I suggest that we return this Bill to the Committee on Banking and Commerce and ask the experts from the Department of Trade and Commerce or the Board of Grain Commissioners to appear and justify this amendment to the committee.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. DANDURAND: Is that satisfactory?

Hon. Mr. HAIG: To me it is.

Hon. Mr. DANDURAND: It seems to me that on such a matter as this we are entitled to the best information the Government can give us.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. CALDER: I quite realize that conditions may vary from year to year, and that if there is anything of this kind it probably should be fixed annually by the Board of Grain Commissioners in accordance with the conditions. I am assuming the Bill is going through.

Hon. Mr. HORNER: Does the honourable leader of the Government wish to return the Bill to the committee?

Hon. Mr. DANDURAND: I want to give all the satisfaction I can.

Some Hon. SENATORS: Carried!

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

Hon. Mr. HORNER: No. The Bill is going to be returned to the Committee on Banking and Commerce.

The Hon. the SPEAKER: Does the House grant the honourable member leave to withdraw his amendment?

Some Hon. SENATORS: Carried.

The Hon. the SPEAKER: It is moved by Hon. Senator Dandurand that the order for the third reading of this Bill be discharged, and that the Bill be recommitted to the Committee on Banking and Commerce.

The motion was agreed to.

LIVE STOCK AND LIVE STOCK PRODUCTS BILL

THIRD READING

Bill 104, an Act respecting Stockyards, Live Stock and Live Stock Products and Hatcheries.—Hon. Mr. Marshall.

CUSTOMS TARIFF BILL

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 141, an Act to amend the Customs Tariff.

He said: Honourable senators, this Bill contains a number of amendments to the tariff. They are shown in schedules A and B. They are consequential upon the budget, and also, I think, upon the trade convention with the United States.

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

THIRD READING

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

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

INCOME WAR TAX BILL

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 142, an Act to amend the Income War Tax Act.

He said: Honourable senators, nearly every session we make some amendments to the Income War Tax Act. The present measure—

Hon. Mr. BEAUBIEN: Does it provide for any increased taxes?

Hon. Mr. DANDURAND: No. My intention is simply to move second reading now and ask that the Bill be taken up in Committee of the Whole on Monday, when we

Hon. Mr. DANDURAND.

may consider some amendments which have been suggested by our Law Clerk.

Hon. Mr. COTE: May I suggest to the honourable leader that the Bill be referred to the Banking and Commerce Committee? The various sections could be studied there.

Hon. Mr. HUGESSEN: Hear, hear.

Hon. Mr. COTE: That has been our practice in the past. And we could have in committee an explanation from the Commissioner.

Hon. Mr. HAIG: I want to question the Commissioner.

Hon. Mr. DANDURAND: I have no objection to sending the Bill to that committee. It could be taken up there Tuesday morning.

Hon. Mr. HAIG: Honourable senators, I am pleased to know that the Bill is to be referred to the Banking and Commerce Committee, but before second reading is given I want to register my protest against the lack of any provision whereby senators and other members of Parliament who come to Ottawa from distant places might claim exemption on account of expenses incurred here during the session. This matter is perhaps not important to anyone living in Ontario or Quebec, but it is of considerable importance to those of us who live in the East or the West. I believe that under the income tax laws of all the provinces exemption is allowed for these expenses.

Hon. Mr. MARSHALL: Not in Ontario.

Hon. Mr. ASELTINE: Not in Saskatchewan either.

Hon. Mr. HAIG: Manitoba allows it. I should like to suggest to the honourable leader of the Government (Hon. Mr. Dandurand) that he take up this matter with the department. To my mind it is an injustice that we have to pay income tax on our actual sessional expenses. We are allowed to deduct from income our expenses with respect to all other activities. For instance, if I, as a lawyer, have to go on legal business to Toronto, or Montreal, or Regina, or anywhere else, the money I spend will be exempt from tax.

Hon. Mr. BALLANTYNE: I suppose my honourable friend is aware that the indemnity received by members of Parliament cannot legally be taxed. If I remember correctly, a session or two ago the honourable senator from North York (Hon. Sir Allen Aylesworth) stated to this House that the indemnity is not legally taxable. But honourable members have felt reluctant to ask for the exemption.

Hon. Mr. HAIG: Let me say that I think the Income War Tax Act is now and always has been very ably administered.

Hon. Mr. HUGESSEN: Hear, hear.

Hon. Mr. HAIG: That is true not only with respect to the head office at Ottawa, but in general, so far as I know. The administration in the Winnipeg office has always been very efficient, and especially under the present head out there. His only fault is that he has invariably voted Liberal. Aside from that, he is a perfect official.

Hon. Mr. DANDURAND: Because of that.

Hon. Mr. HAIG: I think the Government should be asked to bring in an amendment allowing members of Parliament to claim exemption for actual sessional expenses. As I say, the matter is a very serious one for those of us who come to Ottawa from a distance. We live here several months every year, and all the time we are maintaining our homes elsewhere. I would suggest that the Commissioner of Income Tax be called before the Banking and Commerce Committee and asked why the exemption is not allowed.

Hon. Mr. BALLANTYNE: The honourable member, I suppose, means the Minister of National Revenue, not the Commissioner of Income Tax.

Hon. Mr. HAIG: Let us call them both.

Hon. Mr. BALLANTYNE: The Commissioner would simply say that he had nothing to do with matters of that kind.

Hon. Mr. ASELTINE: Honourable senators, my honourable friend from Winnipeg South-Centre (Hon. Mr. Haig) has raised an interesting point. One year, I think it was just after the first session I attended here, when making out my provincial income tax return I deducted what I considered a reasonable amount for my expenses incurred while at Ottawa. I did so under a certain section of the provincial Act which I thought was wide enough to protect me, that section providing that when a person is away from home on business the amount expended on the business trip may be deducted from income. In filling out my return to the Federal Government later on I made the same deduction. Two years went by without any word from the department, and I thought I had "put something over." But one day a letter came along by registered mail, stating that I was short a certain amount in my income tax payment, and giving me a certain time in which to remit the shortage, plus penalties.

I think the suggestion of the honourable senator from Winnipeg South-Centre is worth

considering. If we were allowed to deduct from income the amount we are forced to spend here while attending the session, it would be at least some help. I think an amendment permitting that exemption would be a just one.

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 Standing Committee on Banking and Commerce.

The motion was agreed to.

EXCISE BILL

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 143, an Act to amend The Excise Act, 1934.

He said: Honourable senators, this is a brief Bill. It provides:

Paragraph (c) of section one of the Schedule to The Excise Act, 1934, chapter fifty-two of the statutes of 1934, as enacted by section one of chapter thirty-seven of the statutes of 1936, is repealed and the following substituted therefor:—

"(c) On every gallon of the strength of proof used in any bonded manufactory in the production of vinegar, sixty cents, and so in proportion for any greater or less strength than the strength of proof and for any less quantity than a gallon."

The paragraph to be repealed reads as follows:

On every gallon of the strength of proof used in any bonded manufactory in the production of vinegar, twenty-seven cents, and so in proportion for any greater or less strength than the strength of proof and for any less quantity than a gallon.

The latest figures from the Bureau of Statistics in regard to the production of vinegar in Canada are for 1937, but they will give some indication of the position. During that year the production of spirit vinegar amounted to 3,718,000 gallons; of cider vinegar, to 1,166,000 gallons, and of malt vinegar, to 221,000 gallons.

The object of this amendment is to create a larger market for apples of the type that can be used for the production of cider required in the manufacture of vinegar. The amendment was endorsed by Mr. Stirling, an honourable member who represents the British Columbia fruit district in another place. He commended the Minister for bringing down a larger tax, which he said would benefit the apple growers of Canada.

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

THIRD READING

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

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

CANADIAN WHEAT BOARD BILL

SECOND READING POSTPONED

On the Order:

Second reading of Bill 63, an Act to amend the Canadian Wheat Board Act, 1935.—Hon. Mr. Marshall.

Hon. Mr. MARSHALL: I move that this Order be discharged and put on the Order Paper for the next sitting of the House. At the request of Hon. Mr. Euler, Minister of Trade and Commerce, our Parliamentary Counsel is drafting an amendment, which will be ready next Monday.

Hon. Mr. ASELTINE: Is it the intention to refer this Bill to the Banking and Commerce Committee? If not, I have certain remarks which I should like to make now. But I can make them just as well in committee.

Hon. Mr. MARSHALL: I think this Bill should go to the Banking and Commerce Committee.

Hon. Mr. HAIG: The honourable senator from Peel (Hon. Mr. Marshall) and I had a conference this afternoon with the Hon. Minister of Trade and Commerce and the Hon. Minister of Mines and Natural Resources. Mr. Euler has to leave next Thursday on important business and he asked us to request that the Bill be given right of way on Monday, so that it may be returned in good time to the House of Commons for consideration of any amendments we may make. Therefore, on his behalf and my own I ask that the Bill be taken up first thing Monday.

The motion was agreed to.

Hon. Mr. DANDURAND: It is agreed, I think, that we may give this Bill second reading Monday evening, so that it may go to the Banking and Commerce Committee Tuesday morning.

FISHERIES BILL

FIRST READING

Bill 15, an Act to amend The Fisheries Act, 1932.—Hon. Mr. Dandurand.

SPECIAL WAR REVENUE BILL

FIRST, SECOND AND THIRD READINGS

Bill 144, an Act to amend the Special War Revenue Act.—Hon. Mr. Dandurand.

Hon. Mr. DANDURAND,

ADJOURNMENT—PROROGATION

Hon. Mr. DANDURAND: Honourable senators, I move that when the Senate adjourns this evening it stand adjourned until Monday evening at 8 o'clock.

Hon. Mr. BALLANTYNE: Could the honourable leader inform us what are the prospects of closing Parliament?

Hon. Mr. DANDURAND: I have been informed—through the press—that the only stumbling-block to prorogation occurring next week would be a certain Bill which has attracted considerable attention in the Commons, especially during the last two or three days. But I find that it has been given second reading and referred to the Banking and Commerce Committee of the other House. That Bill may—

Hon. Mr. BALLANTYNE: Or may not.

Hon. Mr. DANDURAND: That Bill may be reported back to the other House at the beginning of next week and reach us a few days later. If we have cleared our Order Paper, and if the Bill reaches us, we may be able to dispose of it in forty-eight hours. So honourable members will see there is some hope of prorogation by the end of next week. For this reason I suggest that we come back on Monday evening prepared to do a good week's work.

The Senate adjourned until Monday, May 29, at 8 p.m.

THE SENATE

Monday, May 29, 1939.

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

Prayers and routine proceedings.

CENTRAL MORTGAGE BANK BILL

INVITATION FROM COMMITTEE OF HOUSE OF COMMONS

The Hon. the SPEAKER: Honourable members, a letter has been received by the Clerk of the Senate as follows:

May 29, 1939.

L. Clare Moyer, Esq., K.C.,
Clerk of the Senate,
Ottawa.

Dear Sir:

I have been directed by the House of Commons Standing Committee on Banking and Commerce to invite the honourable members of the Senate to attend the sittings of the Committee in connection with the consideration of Bill No. 132, an Act to incorporate the Central Mortgage Bank.

The first sitting of the Committee on this reference is being held to-day.

If it would facilitate matters, I would be pleased, with your permission, to place on the Senate Notice Board advance notices of the meetings.

Yours respectfully,

R. Arsenault,
Clerk of the Committee.

Hon. RAOUL DANDURAND: Honourable members have heard the invitation of the Banking and Commerce Committee of the House of Commons to members of the Senate who happen to be free, to attend the hearings of that committee on the Central Mortgage Bank Bill. I may say it had occurred to me that considerable information could be gathered there, and that, if we were not engaged in committee work of our own, a certain number of our members might well attend the House of Commons committee in order to hear the representations made. I do not know how long the discussion of the Bill in that committee will take, but it would perhaps be difficult in any event for our own committee to obtain a repetition of that evidence before prorogation. If the Bill comes to us, we shall, of course, take all the time necessary for an examination of it, but there would be an advantage in having certain senators attend the House of Commons committee and secure such information as will be given there.

Right Hon. ARTHUR MEIGHEN: Honourable members, this is a quite distinct departure.

Hon. Mr. DANDURAND: Yes.

Right Hon. Mr. MEIGHEN: I have no recollection of any other occasion upon which this House has received an invitation to attend a committee of the Commons. At the moment I feel disposed to welcome the invitation. Doubtless it is addressed to us at this time with a view to reducing to a minimum the consideration which will be necessary at the hands of our committee, such action probably being thought necessary because of the imminence of prorogation. It is unfortunate the invitation has been addressed to us in the midst of the deliberations of the Commons committee. Already very important witnesses have been heard.

Hon. Mr. DANDURAND: To-day?

Right Hon. Mr. MEIGHEN: Yes. I know the honourable member from Winnipeg South-Centre (Hon. Mr. Haig) has been attending the committee—without invitation, I suppose—and he has told me about important testimony that has been given. Consequently

it will not be as useful to honourable senators who attend that committee now and try to keep up with the evidence. However, I think our proper attitude would be to welcome the invitation. That might lead later on to consideration of the right of ministers of either House to speak in the other House on their own measures.

Hon. Mr. DANDURAND: I will send a request right away to the secretary of the committee, asking that, if the evidence is being printed, copies be sent day by day to honourable members of the Senate.

Hon. Mr. BALLANTYNE: I am not objecting to acceptance of the invitation, but I should like to ask the honourable leader of the Government (Hon. Mr. Dandurand) just what position we should be in if we did attend the committee. We should not be able to vote there of course. Should we be free to send the Bill to our own Banking and Commerce Committee afterwards, if we so desired?

Hon. Mr. DANDURAND: I take it for granted that we should be perfectly free to send the Bill to our own committee, and to call before us the same parties who give evidence to the Commons committee, if we wished to do so. But it would help us if we first heard the evidence given over there.

Hon. Mr. HAIG: Honourable members, I did attend the Commons Committee all day to-day. I went there and asked the chairman if it was permissible for me to attend. If in that way I have broken any rules of this House, I apologize to honourable members, but I must say I did not know of any rule to prevent my attendance at that committee. I listened to the evidence and found it very important. Evidence was given by a representative of the Dominion Mortgage and Investment Association, whose membership is made up of 51 companies, which have a total of \$581,000,000 on loan in Canada. He was on the stand from a quarter after eleven until one, and from four to six, when the committee adjourned, to resume at 11.15 to-morrow morning. The Association was asked if it would furnish one witness to speak for life insurance companies, one for mortgage companies and one for trust companies. The committee is not calling these people, but will permit them to give evidence if they wish to do so. I must say that I got a good deal of useful information at the committee to-day.

CANADIAN WHEAT BOARD BILL

SECOND READING

Hon. DUNCAN McL. MARSHALL moved the second reading of Bill 63, an Act to amend the Canadian Wheat Board Act, 1935.

He said: Honourable members, after the motion for second reading is agreed to, I intend to move that the Bill be referred to the Committee on Banking and Commerce, in order that the committee may study and report on three proposed amendments. I have received copies of these amendments from the Law Clerk of the Senate, who has drafted them in consultation with a solicitor from the Department of Justice.

The most important amendment has to do with the definition of "producers" who might sell wheat to the Wheat Board. In the Canadian Wheat Board Act they are defined as persons actually engaged in the production of wheat or entitled, whether as landlord, vendor, mortgagee or otherwise by contract or operation of law, to the wheat grown by a producer or to any share therein. Persons who under agreement for sale or mortgage have an interest in the wheat grown by the farmer have a right to sell their share thereof. This Bill does not affect the position of such persons. It simply provides that the Wheat Board may advance 70 cents per bushel for No. 1 Northern, based on Fort William.

The Bill also imposes a limit of 5,000 bushels on the amount which any one farmer, or mortgagee, or person interested by agreement for sale, and so on, may sell to the Wheat Board; or rather the board may advance 70 cents per bushel, for, after all, the transaction is a sale only if the market price does not go beyond 70 cents. The producer gets a participation certificate which entitles him to anything that the Wheat Board may be able to realize over and above 70 cents a bushel on sale of the wheat.

There is also an amendment providing that the Bill shall come into effect on August 1. July 31 is the end of the crop year, and if the Bill became operative before August it would be tantamount to changing the price in what is really still the current crop year. I move second reading of the Bill.

Hon. Mr. ASELTINE: Does the 5,000-bushel limit apply to only one farm a person may be interested in, or to several?

Hon. Mr. MARSHALL: The 5,000-bushel limitation applies to any one farming operation, but if a loan company has advanced money on, say, ten farming operations, then it will be able to market the wheat it has collected on each of those farming operations.

Hon. Mr. HAIG.

Hon. Mr. GRIESBACH: Where is the authority for that statement?

Hon. Mr. MARSHALL: That is not in the Bill. It is contained in the amendment which will be submitted to the Banking and Commerce Committee to-morrow morning. The honourable member from Winnipeg South-Centre (Hon. Mr. Haig) referred to it last Friday when he stated that he had been in conference with Mr. Euler and that the Law Clerk of the Senate and a representative from the Department of Justice would draft the requisite amendment.

Hon. JOHN T. HAIG: Honourable members, I may say, in answer to the question from the honourable member from Edmonton (Hon. Mr. Griesbach), that I think the amendment covers exactly what the honourable senator from Peel (Hon. Mr. Marshall) has stated. Before I proceed, I desire to thank the Hon. Minister of Trade and Commerce for his fairness to me in considering this amendment. The other amendments are simply consequential.

I intend now to deal briefly with the wheat question. I could not be a senator from Manitoba and not realize that wheat and other grains are the most important products of the three Prairie Provinces. I recall that when in 1917, during the war, the price of wheat rose to a very high figure, the Government of that day, whether rightly or wrongly, placed certain restrictions on marketing, and these were continued until 1921. The farmers of Western Canada still believe that without those restrictions wheat would have risen to a very much higher price.

Right Hon. Mr. MEIGHEN: What were the restrictions?

Hon. Mr. HAIG: The Government took over all the wheat.

Right Hon. Mr. MEIGHEN: But they never put any restrictions on the price.

Hon. Mr. HAIG: Oh, well—

Right Hon. Mr. MEIGHEN: I ought to know.

Hon. Mr. HAIG: They set a price on the grain. Many farmers still think that if the market had been allowed to run free the price of wheat would have doubled.

Right Hon. Mr. MEIGHEN: My honourable friend is quite mistaken. The Government did not impose any such price at all.

Hon. Mr. HAIG: They controlled the marketing of wheat during that year.

Right Hon. Mr. MEIGHEN: They controlled it only to the extent that a British board was purchasing wheat for the British Government. The Government of Canada never fixed the price at all.

Hon. Mr. HAIG: The Hon. Minister of Public Works prior to 1917 told me himself he went to Washington and was advised that the British Government were purchasing wheat and the price would be controlled.

Right Hon. Mr. MEIGHEN: Anyone else could pay more if he wanted to.

Hon. Mr. HAIG: But the price was controlled by Government interference.

Right Hon. Mr. MEIGHEN: It was not interference by our Government.

Hon. Mr. HAIG: Well, by government, if you will. Anyway, that was the first time that the market for wheat was not allowed to remain free and open.

After that stage the farmers of the Western Provinces thought that by pooling their wheat and feeding it out to the market they could to some extent control the market, and they formed the famous Wheat Pool. In 1929 the market partly collapsed, owing largely to the rise of national self-sufficiency in Germany, France and Italy, and the governments of those countries imposed a high tariff on the importation of wheat. In 1933, the price for No. 1 Northern on the Winnipeg Grain Exchange reached the lowest point in forty years. The then Government—the Bennett Government—arranged to guarantee the banks any advances they might make to enable the pools to purchase wheat. This enabled Mr. McFarland, whom the Government placed in charge of the Wheat Board, to control the market until November or December, 1935, when the new Government removed Mr. McFarland and put Mr. Murray in charge.

In the session of 1935 Parliament passed the Canadian Wheat Board Act, which fixed the price of wheat at Fort William at 87½ cents a bushel.

The Wheat Board while under Mr. McFarland's control accumulated a large surplus of wheat. The new Government, fearful of heavy losses, instructed the Wheat Board, then under Mr. Murray, to dispose of the surplus, and the board proceeded to sell for all it was worth. It made the greatest sale in December, 1935. But when the business was wound up the country had suffered no loss on the wheat purchased in 1933, 1934 and 1935, during the Bennett administration. Indeed, some persons figure there was a slight profit on the turnover.

During the general election of 1935 one of the issues in the rural parts of Western Canada was what the price of wheat should be to the farmer. Candidates of the present Government and their supporters said that 87½ cents a bushel was not a fair price, and advertisements appeared in the Saskatchewan press urging that it should be at least 10 cents a bushel more.

It may be asked: why did the farmers of the three Prairies Provinces believe that statement? Let me tell the House what happened. By 1937 wheat was selling on the Winnipeg Grain Exchange at \$1.25 a bushel. In the spring of 1938, just a year ago, the present Government of Saskatchewan sold seed wheat to farmers at \$1.45 a bushel. It will be seen that it was quite natural for the farmers to believe that 87½ cents a bushel was too low, and that the price should have been 97½ cents.

In the fall of 1937 the price ranged from \$1.25 to \$1.30 a bushel, based on Fort William. When, in the summer of 1938, the market began to decline, the present Government fixed the price of No. 1 Northern at 80 cents a bushel, based on Fort William, to come into effect on August 1, 1938. That is still the price.

In December last Mr. Bracken, Premier of Manitoba, invited representatives from the three Prairie Provinces to meet in Winnipeg to discuss the price of wheat, the cost of production, and so on. After a long conference it was suggested that the minimum price ought not to be less than 80 cents a bushel. During this session the Federal Government introduced the present Bill, fixing the price at 60 cents a bushel, but such strong representations were made as to the inadequacy of this figure that ultimately it was changed to 70 cents.

The farmers of the three Prairie Provinces are strongly of the opinion that prices they have had to pay for goods during the last forty or fifty years, by reason of the tariff protection enjoyed by the industries of the two central provinces, were higher than they would have had to pay in a competitive market. With the restrictions which Germany, Italy and France have placed on the importation of wheat, Western Canada is feeling the pressure of the economic situation very severely. For these reasons the farmers of the West contend that the minimum price of wheat should be at least 80 cents. They point out that 70 cents a bushel at Fort William does not mean 70 cents to the wheat producer, because from this must be deducted the cost of cleaning, elevator charges, commission, and freight rates, which

total about 23 cents per bushel. This leaves an average net price for the different grades of 57 cents a bushel.

Hon. Mr. HORNER: Forty-seven cents a bushel.

Hon. Mr. HAIG: Correct. It would be 47 cents a bushel at 70 cents. I was thinking of 80-cent wheat.

I do not believe the farming communities of those provinces can grow wheat at 47 cents a bushel and pay debt charges and taxation on the land on which it is grown. In this I am supported by the result of the Bracken Committee's inquiry and by the evidence of the farmers of that country as to cost of production. There is some evidence to show that on highly mechanized farms in fine districts the cost would be lower, but you cannot keep the farmers on the half-sections if their wheat is going to pay them only 47 cents a bushel net. Agitation will continue until that condition is rectified. You may say, "Let them go into something else." If they do, it will be a challenge to certain industries in the two central provinces. Take the dairy industry for instance. It may surprise honourable members to know that Manitoba took more first prizes for butter than all the rest of Canada put together.

Hon. Mr. MULLINS: In Marquette.

Hon. Mr. HAIG: Not only in Marquette. There are about twelve creameries there at the present time.

I want to read a report of interviews with Mr. Sproule, Vice-President of the Saskatchewan Wheat Pool, and Mr. Hutchinson, the chairman of the board of the Alberta Wheat Pool. This report appeared in the Winnipeg Tribune of about two weeks ago:

Dissatisfaction with the Dominion Government's latest wheat price decision was expressed to-day by leaders of prairie farm organizations, who have persisted that the lowest minimum price acceptable to the farmer was 80 cents a bushel.

In the House of Commons Thursday night the Government announced its initial price of 60 cents a bushel had been altered to 70 cents for the first 5,000 bushels produced by each farmer, on the basis of No. 1 Northern at Fort William. At the same time the wheat acreage bonus allowances were cut.

"We consider that 80 cents was the very lowest possible amount which could be considered," said A. F. Sproule, Vice-President of the Saskatchewan Wheat Pool. "In order to pay all taxes as well as all debts and to meet the other charges which go to make up the cost of producing wheat, the Fort William price would require to be about 25 cents higher on the average.

"As it is, the debt problem is left in much the same position as before. Debts will still remain largely unpaid and they will stay that

Hon. Mr. HAIG.

way until the price of wheat to the farmer rises substantially or else the cost of the manufactured goods that he buys comes down just as substantially.

Low Hutchinson, chairman of the board of the Alberta Wheat Pool, said the Government's 70-cent figure was "totally inadequate."

"When the Wheat Board took over in 1935 we fought for 95 cents and it was compromised down to 87½ cents under protest," he added. "In 1938 it was further compromised down to 80 cents under more protest, and now we are asked to take another 10-cent cut."

"People should understand that 70 cents a bushel for No. 1 Northern at the terminal means 47 cents a bushel on the average grade of wheat at the farm," he added. "Eastern Canada should understand that most farmers in the West hardly will make expenses at that price, even with a fair crop."

Members of the Western markets committee, headed by Premier John Bracken of Manitoba, who has urged an 80-cent price at the least, were silent pending Mr. Bracken's return from a visit to Northern Manitoba. It is expected the committee will meet shortly to consider the Government's latest wheat policy.

John I. McFarland, Calgary, former head of the Canadian Wheat Board, asked: "Who is to see there is no 'bootlegging' above the 5,000-bushel allotment, and how will it be regulated?"

"How many farmers last year would have averaged above 5,000 deliveries to the Wheat Board, and how much wheat would have been left?" he asked. "If the surplus over the stipulated amount were thrown onto the open market in competition with wheat taken under the guaranteed price, would it not mean a greater loss than a fixed price or system similar to that of the past few years?"

Now I come to a letter published in the May issue of the Chamber of Commerce magazine, Canadian Business. I shall read only part of it. The letter is from the President of the Alberta Board of Trade and Agriculture.

I believe your readers in the East should realize that Western Canada is now facing the most grave and trying period of its history. To a degree not prevalent probably elsewhere in the world, all business and industry of the West is based on the ability of the grain grower to exact a price for his product sufficient to afford a livelihood for himself and those dependent on him. The findings of the Bracken Conference last December decisively indicate that no such price will be available to him until subsidized production ceases in other countries.

In the absence of such a return for his labour, the grain grower cannot obtain the products of other industries nor the services, professional and otherwise, that are essential to his welfare. Unless he is afforded an appropriate measure of assistance in the form of guaranteed cost of production, all secondary industrial and commercial activities throughout Western Canada will face near-paralysis. The disappearance in large measure of the present quite limited buying and debt-paying power of all classes in the West, will exert an unfortunate influence on the industrial, financial and employment situation in Eastern Canada.

The following factors outweigh objections that naturally might be advanced against the subsidizing of any industry:

1. For the present, Canadian grain must be sold in competition with the highly subsidized products of foreign countries. This is particularly damaging to the West because its product is further removed from sea-board than any other grain producing area of the world which, to a like extent, depends on export markets.

2. Western grain is sold on world markets in competition with the subsidized product of other countries, while the Canadian producer is deprived of the privilege of buying in world markets. This bears particularly on the Western producer because of the freight charge entering into the Western price of goods manufactured in the East.

3. There is further discrimination arising from the fact that prices are to a certain extent "pegged" by some statute or authority on almost every article, commodity, or service, which the farmer requires, as for example: the fixed and non-competitive elevator charge for grain handling, non-competitive freight rates, artificially sustained wage scales and minimum hours of labour and minimum wage legislation, all of which are reflected in the price of such finished products as the farmer consumes. Thus while contributing to a fair standard of living for others, it is not unfair to expect that others, through some form of taxation, should contribute to provide a fair standard of living for the farmer throughout a period such as the present.

If economic forces throughout the world were allowed free play, low grain prices would drive a large percentage of the producers in marginal areas in certain countries into other pursuits. Thus the present burdensome surplus would disappear. But no hope of any such natural adjustment may be entertained until competing countries discontinue subsidization. In this connection, however, it must be remembered that practically no other source of livelihood is available to any appreciable percentage of Western Canadian grain growers.

Authoritative sources estimate the cost of wheat production to be 60 cents a bushel. The present market price at Fort William of approximately 60 cents basis No. 1 Northern, when translated into Street prices in Alberta, means an average price covering all grades of but approximately 30 cents, or one-half of the recognized cost of production. It is recalled that the 1932 crop was marketed at an all-time low price, but, it is submitted that the resources of the Western farmer have been so depleted during the succeeding years, that neither the grain growing industry of the West, nor those secondary industries and trades that indirectly depend on agriculture could again survive a similar experience. . . .

S. B. Holden,
President,
Alberta Board of Trade
and Agriculture.

Hon. Mr. HUGHES: The guaranteeing of this price at 47 cents to the farmer, or 70 cents at Fort William, does not necessarily mean the price he will get will be as low as that. He is selling on a free market, is he not?

Hon. Mr. HAIG: Yes.

Hon. Mr. HUGHES: That is a guarantee by the Government, which appears to be a valuable consideration. It does not compel the farmer to take a certain price.

Hon. Mr. HAIG: But the present price of October wheat is 66 cents.

Hon. Mr. HUGHES: At this time?

Hon. Mr. HAIG: At this time.

Hon. Mr. HUGHES: Then the farmer apparently is getting an advantage of four cents.

Hon. Mr. HAIG: I have told you that; but I have told you also that he is not getting enough to pay his debts, or pay for services or goods.

Hon. Mr. HUGHES: Where are the farmers getting enough?

Hon. Mr. HAIG: I do not know.

Right Hon. Mr. MEIGHEN: They get the rest under the Farmers' Creditors Arrangement Act.

Hon. Mr. HAIG: We are to some extent in competition with the United States. I have in my hand a copy of the Journal of Commerce of Monday, May 22, which gives the price of wheat. It appears also in the Wall Street Journal of the same date. In Minneapolis 87 cents is the price of No. 1 Dark Northern spring wheat, which certainly is not better than our No. 1 Northern, on which the Fort William price is 70 cents. I do not think there is any doubt about this authority. It gives prices in Kansas City, Omaha, Chicago and the Gulf ports. I can read it, if you like. At Minneapolis the price of No. 2 Amber Durum is 81 cents. I do not know exactly what our price for Durum is; I think it is about 60 cents. Maybe the honourable senator from Saskatchewan North (Hon. Mr. Horner) can tell us. I think there is a difference of about 10 cents a bushel between No. 1 Northern and No. 1 Amber Durum.

An Hon. SENATOR: It is a little more than that.

Hon. Mr. HAIG: Last year it was about 10 cents. At all events, the Minneapolis price for No. 1 Dark Northern is 87 cents, and for No. 2 Durum it is 81 cents. That means, I suggest, that our price is out of line with the American price by at least 17 cents a bushel.

My honourable friend from King's (Hon. Mr. Hughes) says that our price is pretty good; that the farmers are getting 4 cents over the market at the present time. I want to say to my honourable friend that unless the Government come to a realization of

the fact that the producers of natural products are facing collapse under present conditions, some people who will realize it will be put into office.

Hon. Mr. HUGHES: That means Bolshevism.

Hon. Mr. HAIG: You may have it. My honourable friend may be surprised after the next election when he sees the kind of people who represent Alberta, Saskatchewan and Manitoba. He has had a surprise from Alberta already.

Hon. Mr. BUCHANAN: Alberta cannot surprise us much more.

Hon. Mr. HAIG: No, but it can wipe out the two present members of Parliament who are not Social Crediters; and you will be surprised at what happens in Saskatchewan and Manitoba. This thing, once it is started, will not end there. Since 1878 Canada's National Policy has recognized that certain industries require assistance by way of protection; and the sooner we realize that because of world conditions—nationalistic conditions in other countries—assistance is required by the producers of natural products, the better it will be for everybody.

Hon. B. F. SMITH: Would you stop with wheat?

Hon. Mr. HAIG: No, I would not. I spoke of natural products.

Hon. Mr. HUGHES: That is the trouble.

Hon. Mr. HAIG: I am not suggesting that you stop with wheat. If you had never started with wheat it might have been all right; but in 1933 a start was made, and in 1935 the Government guaranteed 87½-cent wheat. If you were a farmer on the plains of Saskatchewan and those on the other side said they would give you more, and you voted for them, and they afterwards offered you 70 cents, what would you say?

Hon. Mr. HUGHES: The other side did wrong.

Hon. Mr. HAIG: That does not affect the situation.

Hon. Mr. HUGHES: You would follow in the same direction?

Hon. Mr. HAIG: No, I would not follow in the same direction. We had thought the situation in Western Canada was only temporary; that it would straighten out. And we felt justified in thinking so by the fact that in the fall of 1937 we got \$1.25 a bushel at Fort William.

Hon. Mr. HAIG.

Hon. Mr. ASELTINE: You did not have any wheat to sell in 1937.

Hon. Mr. HAIG: Saskatchewan did not, but Manitoba had a good crop.

Hon. Mr. ASELTINE: It was because there was no wheat to sell that the price went up.

Hon. Mr. HAIG: I admit that.

I know that we in this House cannot change the guaranteed price, but I am suggesting to the Government that it ought to be at least 80 cents. That is the considered opinion of a representative body of people in Western Canada, including people who supported the present Government. The Premier of Manitoba did his very best to elect the present Government, and so did the Premier of Saskatchewan. I do not know what the then Premier of Alberta did; he did not succeed in electing himself, anyway. But the Government of Manitoba helped to elect a good many members of the federal Liberal party.

Hon. Mr. DANDURAND: Does my honourable friend consider that the votes would go to the highest bidder?

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

Hon. Mr. DANDURAND: If voting were done that way, some persons would offer 90 cents and some others \$1, and some others even \$1.25.

Hon. Mr. HAIG: The people generally expected that under this year's conditions the price would be 80 cents, and I am persuaded that they will not accept 70 cents. All the leaders in that part of the country have said that 80 cents is the minimum that the farmers can carry on with. I warn the Government that if they persist in the 70-cent price they will be making a very sad mistake, and when the election comes, this year or next year, they will regret that they did not keep the price at 80 cents. If the 80-cent price permitted the farmers to make a profit I should not be so insistent upon it, but it is the minimum which will enable the farmers to carry on. I am warning that if the Fort William price is lower than that, they will not be able to buy any goods from Eastern Canada or pay any debts to Eastern Canada.

Hon. Mr. DANDURAND: Does the honourable gentleman foresee over-production of wheat from year to year in the future?

Hon. Mr. HAIG: The rainfall of Saskatchewan averages about 22 inches a year. The reason for bad crops there during the last ten years is that moisture did not fall at the right season. Some parts of Manitoba and large parts of Saskatchewan and Alberta are not fit for producing anything but grain, but in most

of Manitoba, in northern Saskatchewan and in northern Alberta the climate is suited for cattle raising and dairy farming, and if our Western farmers go in for these things the people of Eastern Canada will suffer, because the prices for their products will fall. We can produce better butter out there than is produced in Eastern Canada.

Hon. Mr. DANDURAND: Then the Western people will be able to make a living.

Hon. Mr. HAIG: But the East will suffer from the competition. And, as I say, unless the wheat producers of the West get 80 cents a bushel at Fort William they will not be able to buy goods from the rest of Canada.

I believe that Canada should be self-contained. Our industries require a certain degree of protection; and in a situation such as we have now, where the wheat producers are unable to sell on the open market at a price that would enable them to make a living, I believe the rest of the people should share part of the farmer's load by seeing that he gets at least a fair minimum price—enough to enable him to live.

Hon. Mr. BALLANTYNE: My honourable friend has overlooked the fact that the duty on implements of production has been lowered, and we have freer trade now.

Hon. Mr. HAIG: If all the duty were removed from automobiles, clothing—

Hon. Mr. CALDER: Boots.

Hon. Mr. HAIG: —boots,—

Hon. Mr. ASELTINE: Farming machinery.

Hon. Mr. HAIG: —farming machinery of every kind—

Right Hon. Mr. MEIGHEN: The tariff is off now.

Hon. Mr. HAIG: —I am persuaded that certain honourable gentlemen in this House would protest very loudly. They are the senators from Ontario and Quebec. I plead for the parts of Canada represented by other senators. I think I speak for the twenty-four senators who come from the Maritimes, which are largely dependent upon natural products, and also for the twenty-four senators from the four Western Provinces, which also are dependent upon natural products.

Hon. Mr. HORNER: I do not wish the honourable gentleman to include me in that line of argument.

Hon. Mr. HAIG: I notice that my honourable friend has not gone out on the hustings and taken the stand he now takes. If he did, he would not get very far with it. If the

rest of the country will not give us help when we need it, there will be a body of opinion in the West which will say, "All right, then we won't help you when you need help." That will be an issue in this country. And woe betide any man who contests a constituency in any of the three Western Provinces and expresses views contrary to those I have stated here. I suggest to my honourable friend from Saskatchewan North (Hon. Mr. Horner) that he resign his seat in the Senate and run as a candidate in Western Canada. He would be overwhelmingly defeated; in fact, he would lose his deposit.

Hon. Mr. HORNER: I doubt it.

Hon. Mr. HAIG: I repeat, we in Manitoba think that the minimum price of wheat should be 80 cents a bushel at Fort William. And that is only a get-by price. The people of the West will say, "The Bennett Government protected our market from 1933 to 1935, and it should be protected again." As honourable members know, the United States and other large wheat producing countries have a guaranteed price. In Australia, for instance, I think the price is about 3s. 2d. I plead with the House to suggest to the Government that the price at Fort William should be at least 80 cents a bushel.

Right Hon. ARTHUR MEIGHEN: Honourable members, I do not intend to discuss the principle of fixing a wheat price, or the sufficiency of the price now fixed, or the general tariff issue. When the honourable member from Winnipeg South-Centre (Hon. Mr. Haig) forecast that any Government which failed to fix a fair price for wheat would suffer the calamity of defeat throughout the West, I thought how grateful the late Prime Minister of this country ought to be that, after having fixed the price at 87½ cents for years, he received such tremendous acclaim in that part of the country and carried nearly every seat there!

I rise to say very little. My honourable friend's modern history is good. He knows the West now perhaps better than I do, for he lives there. But his ancient history is not nearly so good. If I caught his argument, it was this. The Western farmer thinks he suffered from Government interference with wheat prices in the war days, and, resting upon that grievance, feels there should be some compensation now. But the fact is that he did not suffer the loss of a single nickel on that account. The Government never interfered to the extent of one penny with wheat prices in war days. Indeed, the Government could not interfere with wheat prices except by a special statute or by

action under the War Measures Act of that time. War days were an exceptional period. The ordinary play of markets could not operate then, because there was only one possible purchaser. The British Government were required not only to do all the purchasing, but to provide the necessary exchange, to convoy the grain overseas and afterwards to distribute it among their own people and the people of their allies. The British Government, therefore, had a representative in Canada for the buying of wheat. I was not directly connected with this, but I do know that the only interest the Government of Canada exerted was to get the best price they could. Naturally they did that. The British Government had to determine what was fair, in the circumstances. Pressure was exerted this way and that. There were certain economic factors too, principally operating in the United States, which helped to determine the price. The more that was got, the better it was for the Canadian farmer and for the Government. There was no interference with prices. Anyone who tries to rest a claim upon disappearance of the market because of interference by the Canadian Government is simply ignoring what actually occurred.

One other point I might mention, though it does not pertain to the issue. Something took place which my honourable friend from Winnipeg South-Centre (Hon. Mr. Haig) has apparently overlooked. After the disappearance from the market of the British Government's purchasing organization, the name of which I cannot remember just at the moment—

Hon. Mr. LAMBERT: The Wheat Export Company.

Right Hon. Mr. MEIGHEN: My honourable friend from Winnipeg South-Centre said that after that organization disappeared from the market the Western farmers decided to handle wheat through a wheat board. He is far out in his history there. They never set up the Wheat Board. It was the Government of Canada who did that, and they did it largely because, although the British Government had discontinued purchasing, trade was not running in the ordinary channels, on account of unusual exchange conditions. There was no means of financing the purchase of wheat through individual houses in Canada, and the Government had to find some way out; so we established by statute, that is, under the War Measures Act, the first Wheat Board of this country. That was not done at the instance of the Western farmer.

Hon. Mr. HAIG: My right honourable friend misunderstood me. I said the wheat pools were established afterwards.

Right Hon. Mr. MEIGHEN.

Right Hon. Mr. MEIGHEN: That was long afterwards.

Hon. Mr. HAIG: In 1924.

Right Hon. Mr. MEIGHEN: But the Wheat Board was established in 1920.

Hon. Mr. HAIG: True.

Right Hon. Mr. MEIGHEN: I do not intend to indulge in any boasting; likely others could do that better. But I may say I drafted every word of that statute. In its scheme of participation certificates, which appeared there for the first time, the farmer got a fixed price.

Hon. Mr. HAIG: What price did he get?

Right Hon. Mr. MEIGHEN: I cannot say.

Hon. Mr. LAMBERT: \$2.26½.

Hon. Mr. HAIG: What price did the English pay for it during the war?

Right Hon. Mr. MEIGHEN: I cannot recall that.

Hon. Mr. HAIG: \$2.17.

Right Hon. Mr. MEIGHEN: The British Government were paying the piper; we were not. The Government of Canada could not have done so, unless we had seen fit to do it under the War Measures Act, and we did not.

The Wheat Board was established, and the whole participation certificates plan came into effect. The Western farmer not only did not inspire that plan, but he did not receive it with any welcome. In fact, there was an uproar against it throughout the whole West. I had to go out to defend myself against irate farmers in Western Canada, including farmers in my own constituency, and I had a hard time doing it. A lot of calm, personal reasoning was required, I can assure the honourable gentleman. Meanwhile, Progressives were being elected to Parliament. I well remember sitting in the other House and listening to one honourable member, either from Weyburn or Assiniboia—

Hon. Mr. HAIG: Assiniboia.

Right Hon. Mr. MEIGHEN: —who ridiculed this participation certificates plan to the skies, called it so much humbug, and stated that the farmers in Western Canada were using the certificates for wall-paper, because they regarded them as being utterly worthless. A number of farmers threw them into the waste-basket and burned them, after listening to opinions expressed by some aspiring politicians out there. But after these certificates became valuable, worth as much as the farmer gets to-day for his wheat—

Hon. Mr. HORNER: Forty-eight cents.

Right Hon. Mr. MEIGHEN: —producers became enamoured of the Wheat Board method, and pools were subsequently developed.

Hon. R. B. HORNER: Honourable senators, I wish to say just a few words about a matter raised by my honourable friend from Winnipeg South-Centre (Hon. Mr. Haig) which really wearies me. That is the tariff question. I am one of those Western farmers who fail to see that it would do us any great good to wreck industries in Eastern Canada. I am interested in marketing the goods I produce, and I know that unless there are successful manufacturing industries in this country we cannot have a good home market for our wheat. Any farmer knows that a manufacturing town is the best market he can get.

But I am not satisfied with the grain situation that has existed in Western Canada since 1935. The honourable gentleman from Winnipeg South-Centre (Hon. Mr. Haig) did not quite explain what occurred that year. The Wheat Board we had were making an initial payment of 87½ cents. The farmers delivered their wheat to the board and took the initial payment. They were given participation certificates and believed the wheat was still theirs and that they would have some money coming to them in 1936. But the Government that are responsible for the present Bill appointed a new Wheat Board, who decided to get rid of the wheat. They were going to give it away, you might say. They were selling it at around 70 to 75 cents. On the 7th of July, 1936, I went to Calgary, and I made a statement to the Calgary Herald. I do not want to boast, but I perhaps came closer to an accurate estimate of the Western wheat crop than any other man ever has come: my estimate was within 100,000 bushels of the actual crop. I said it was a crime that the board were virtually giving away the wheat when it should sell for not less than \$1.25 a bushel. After reading my statement a great many farmers refused to sell their wheat at the ridiculously low price the board were offering; and some of them not only held their own wheat, but bought more on the futures market. I have been thanked by many people for what I said then. One man, whom I had never met before, came and shook me by the hand and said, "Well, Horner, if you never do another thing you have already earned all the salary you will be paid in the Senate, even if you should live to be a hundred." I asked him if he had made some money because of what I had said, and he replied, "Yes, I have made \$10,000." A large number of farmers profited by as

much as 50 cents a bushel by holding their wheat or purchasing futures at that time. But between the 7th and the end of July 60,000,000 bushels had been virtually given away by the Wheat Board.

I sometimes feel that the greatest enemies of the Western Canada wheat producers are the people who go about estimating a surplus. It is strange how those surpluses disappear, and sometimes I wonder whether the estimated surpluses represent actual or merely paper wheat. A speculator can step into the Winnipeg Grain Exchange and depress the market by selling \$100,000 worth of paper wheat at a cost of only 10 cents a bushel, but in order to sell my actual wheat I have to put up 70 or 80 cents a bushel, for that is my cost of production.

We have had far too much of this sort of legislation. I am utterly opposed to the 5,000-bushel restriction. I can imagine how that provision would be evaded by unscrupulous persons dividing their crop among their hired men and their sons and daughters, each masquerading as a producer. In addition to those coming under the definition of "producer" you will have to include the individual farmer who, we will say, raises 5,000 bushels of wheat on his own farm and is interested in five other farms which he has sold on crop payments.

Hon. Mr. HAIG: He would be covered by the amendment.

Hon. Mr. HORNER: Then why have the 5,000-bushel limitation at all? This sort of legislation penalizes the progressive man. In the last few years the large farmer is the one who has suffered most. He has gone deeper into debt in order to secure seed and feed. He is the last man to go on relief. He has held on, and now you hamper him with this special legislation. He will try to do what is right and proper. He will not evade the limitation by dividing up his crop as the other fellow will.

I am sorry to say, in view of what occurred at the last provincial election, that I fear politics will enter into this matter. Two weeks before the election the relief inspectors were changed, and the new men went around the country saying: "The other fellow did not give you enough relief. We are going to give you lots. Sure, there will be more money in circulation, and you should be on relief." I repeat, this is not the right sort of legislation, and I take strong objection to it.

Hon. F. B. BLACK: Honourable senators, the course of the discussion leads me to the opinion that government fixing of the price

of natural commodities is certainly dangerous if not deleterious to business itself. I doubt the wisdom of continuing to fix the price of wheat. Why should we do so? It may be answered that it is our greatest crop. But is it not inevitable that if we continue to fix the price of wheat, we shall have to extend the policy to other natural products?

Right Hon. Mr. MEIGHEN: Hogs and cattle.

Hon. Mr. BLACK: Yes, but more than those.

Hon. Mr. CALDER: Lumber.

Hon. Mr. BLACK: From Montreal east, down through the Maritime Provinces, we have two major crops. The first is lumber. The most rapid spruce growth in Canada is in that eastern section, and with careful conservation we can get a crop of lumber once every twenty years. We have been told about the price spread of wheat. I remember when lumber was \$5 per thousand superficial feet, and it has been as high as \$45. That is a far greater spread than has ever occurred in the price of wheat. When the price reached \$45 a thousand everybody in the lumber business imagined he would be a millionaire before very long. Fortunately, or unfortunately, that high price did not continue. The price declined to the point where the man who operated on his own land did not get even the cost of taking off the lumber, and lumber men who cut lumber off Government lands did not get sufficient to pay the cost of operation and stumpage. The result may be imagined: the lumber business became bankrupt. Those who had been in the lumber business for generations were compelled to drop out. It may be taken for granted that if the Government continue to bonus wheat the people engaged in the lumber business in Eastern Canada will ask for a similar bonus on their product. I am quite sure that will happen. My only wonder is that such a request was not made long ago.

The production of potatoes is a vital industry to the farming communities of Prince Edward Island and New Brunswick. The price of potatoes has ranged from 5 cents to \$2.50 a bushel. That is a tremendous spread—far greater than any that has occurred in the price of wheat in the West. As everyone knows, potatoes sold at 5 cents a bushel cannot return a profit to the grower. Honourable senators from Prince Edward Island know more about potato growing than I do, but I think they will agree with me that the farmer must receive at least 40 cents a bushel for his crop in order to break even. Anything

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above that price represents profit. But he must sell his crop the minute he has it ready. If he has to put the potatoes into his cellar and hold them, the cost of re-picking necessitates a return of 60 cents a bushel for him to break even. If he could be assured of a fixed price of 75 cents a bushel in the fall of the year he would be well satisfied. When the price soared to \$2.10 and \$2.50 a bushel he, too, had visions of dollars floating around him, and he increased his acreage. When the collapse came and the market was glutted he could get nothing for his crop and it rotted on his hands. If we continue to bonus wheat, is not the grower of potatoes and other products of the farm in the Maritime Provinces and Quebec fully justified in asking for similar treatment? As a matter of fact, those engaged in growing potatoes have a still stronger claim, in that the potato is a perishable product.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. BLACK: Wheat can be carried over, year in and year out, but you cannot hold potatoes more than six months, and even within three months deterioration begins to set in, with the consequent expense of re-picking, and so on. I am not in the potato business, but I am in the middle of the potato-growing section of New Brunswick. I am confident that if the Government continue to bonus wheat they will have to come to the relief of potato growers and farmers engaged in the production of other products of the soil, or else dissatisfaction will increase until it reaches such a point that nobody will know what trouble may ensue. I see in this price-fixing of wheat or any other natural product nothing but danger. I do not mean danger to the Government, for, after all, the life of this or that government is quite immaterial to the life of the nation.

Hon. Mr. DANDURAND: Hear, hear.

Hon. Mr. BLACK: Your party may be in power to-day, mine to-morrow, and the short time we are in control will not very largely affect the country. But I do not think we are justified in leaving to those who follow us problems which they will find very burdensome and very difficult to solve.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. BLACK: I was impressed by those who appeared before our committee a few days ago. The burden of their evidence was that the fixing of a price on grain was not good for the grain trade. As I was surprised to hear it, I asked one of the witnesses for a fuller statement, and he convinced me there

was a good deal in what he said. I think it is time we stopped asking the Government to fix a price on wheat unless all farm products are similarly treated. Coming as I do from Eastern Canada and knowing the conditions prevailing there, I have no hesitation in saying that if this practice continues we shall come to Parliament and insist that we get a guaranteed price for our potatoes, our lumber and our fish. Let us have less interference with business and more encouragement for industry. Then Canada will be better off.

Hon. HENRY A. MULLINS: Honourable members, the West has been the best friend that the East could possibly have. When the people of Western Canada had good crops they spent their money liberally on manufactured goods from the two central provinces. But for the last eight years conditions in the West have been abnormal. The country has been afflicted with grasshoppers, rust and other pests. I represent a district that is engaged mainly in the growing of coarse grains. The farmers there do not grow much wheat, and therefore there is not so much trouble in that district.

I do object to the collection of 1 cent a bushel on all grains, the inadequate fixed price of 70 cents and the limitation to 5,000 bushels. That is a small quantity of grain for any one man to deliver. I recall that when I was a member of the other House the Government guaranteed the wheat growers a minimum price of 87½ cents a bushel, though wheat was worth only from 35 to 40 cents at Fort William. The Wheat Board accumulated a surplus of 200,000,000 bushels. A howl went up that the country was ruined. But the far-sighted man who at that time administered the affairs of the nation saw that the markets were advancing, and he held that wheat. Then the other party came into power and, without studying conditions in other countries, they budgeted for a loss of \$15,000,000. Let me tell honourable members that 80 cents a bushel is none too much for the purpose of helping the situation in Western Canada. It will give the farmer, the country merchant and others a chance to get back on their feet. Conditions are against the poor fellow who is struggling out in the West, and my sympathies go out to him. I have said in the other House and in this, and I repeat it now, a farmer who is a one-crop man will never be a success.

An Hon. SENATOR: What about live stock?

Hon. Mr. MULLINS: I am not going to talk about live stock. I have spoken in support of it in both Houses, but the live

stock industry has never had many friends in Parliament. It has always been legislated against and has never had a chance. The man on the land must farm the way the Almighty intended him to: he must engage in mixed farming. If he engages in the production of only one crop, he cannot expect to be successful.

I suggest that the Government reconsider the Bill and give the wheat grower this year a fixed price of 80 cents a bushel, so as to help him towards recovery.

Hon. J. A. CALDER: Honourable senators, I suppose anything we do will not help one way or the other in changing the price to be paid for wheat. It strikes me that this whole situation grows out of a world situation. I thoroughly agree with what the honourable member from Westmorland (Hon. Mr. Black) has said, that the sooner we get away from this fixing of prices the better. Nevertheless we must recognize this world situation. Take cotton and coffee for instance: thousands of bales of cotton have been burned and thousands of bags of coffee have been dumped into the sea, simply because, as a result of a world condition, they were not salable. All the governments in Europe are subsidizing their people to induce them to grow grain. This condition is due to the desire of those governments to make their nations self-sustaining in case of war.

Hon. Mr. HAIG: Hear, hear.

Hon. Mr. CALDER: Even in Great Britain the Government are subsidizing their people to encourage them to do certain things in the matter of production until world conditions become normal again and trade follows the old channels. That is the sort of thing we shall have to contend with; I am afraid we cannot avoid it. The real point at issue is that whether it is the milk man, the cattle man, the wheat man or the fish man who is concerned, we must provide a means whereby he can live.

Hon. Mr. HAIG: There is a fish Bill to come in a day or two.

Hon. Mr. CALDER: I dare say. If world conditions continue as they are, I am afraid we shall have this and like problems on our hands for a long time to come.

There is no use in my discussing the wheat situation in the West. Everybody knows what it is. We cannot alter it. I should like to see the Western farmer get enough for him to pay his operating expenses and have a little over for his taxes and his debts. Unless he does, we shall continue to pour money into the Western country in other ways.

Hon. W. M. ASELTINE: Honourable senators, there is one point which I expected would be raised this evening, and, as it has not been mentioned, I shall take a few moments of your time to discuss it.

In my opinion this Bill was not necessary at all. Why should we need legislation fixing the initial price of wheat when there is already in existence a Wheat Board which has power at the beginning of any crop year to fix an initial price per bushel for wheat? Under the Act of 1935 this board consisted of three members and an advisory council of, I think, seven. In 1936 the Government made the mistake of doing away with the advisory council; nevertheless the board remained, and it still has power to fix, if necessary, the price of wheat. Why, then, do the Government bring in a Bill of this nature? Next August, after having given due consideration to world conditions and the price of wheat, the board would have all the power necessary to say whether the price should be fixed at 70 cents, 80 cents, 87½ cents, or any other figure it deemed proper.

I was glad indeed that the right honourable the leader on this side of the House (Right Hon. Mr. Meighen) gave an explanation with regard to what happened in 1917 and 1918. It is the opinion of the farmers of Western Canada that the Wheat Board was brought into being in the later years of the war for the purpose of preventing the price of wheat from going too high. Those people now argue that there is no reason why, either through the Wheat Board or by regulation, prices should not be kept from going too low. I say I am glad the right honourable gentleman gave his explanation, because there is misunderstanding in the West. I trust the newspapers will give his statement full publicity.

I agree to a greater or less extent with what was said by the honourable senator from Winnipeg South-Centre (Hon. Mr. Haig) and the honourable senator from Saskatchewan North (Hon. Mr. Horner). Like the honourable senator from Saskatchewan North, I have no objection to the industries of Eastern Canada being protected by a reasonable tariff. It is my experience that the changing of the tariff by 10 or 15 per cent does not make one bit of difference in the cost of the article involved. For instance, the duty on farm machinery was reduced to 7½ per cent by the present Government, but that reduction did not reduce the cost to us of farm implements. As a matter of fact, it is higher than ever before. The same thing happened in relation to binder twine: the

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duty was taken off entirely, but the cost of binder twine did not go down; if anything it went up.

Hon. Mr. HORNER: It went down for one year, long enough to put our manufacturers out of business, and then it went up.

Hon. Mr. ASELTINE: After the Canadian manufacturers ceased making it, the price went up. And that is the sort of thing that would happen if we took the duty off farm implements or anything else.

We are not objecting to industry being protected to a reasonable extent. We do not mind paying a little more for our automobiles, our farm machinery or other manufactured goods. We want Eastern Canada to be prosperous, but we also want something which will help us to pay our debts.

A statement was made in another place not long ago regarding the cost of producing wheat. It was said that it had been proven time and again that wheat could be grown in Western Canada at from 30 to 40 cents a bushel. I take exception to that statement. I do not think for a moment that wheat can be grown at that price. The statement was not clear as to whether the price mentioned was f.o.b. Fort William, Vancouver or elsewhere. If the price were 40 cents f.o.b. Fort William, 20 cents would have to be taken off that, and only 20 cents would be left for the producer. He cannot continue to grow wheat at that price. It is true that on a highly mechanized farm, where you have a Diesel tractor that will plough an acre at a cost of only a few cents for fuel, drills that will sow one hundred acres a day, and other machinery of the same class, you can grow wheat at a lower price than on a smaller farm; but to equip a farm to grow wheat at a very low cost requires at least \$10,000 capital for the purchase of machinery, and very few farmers in Western Canada can afford to make the investment. So I say wheat cannot be grown for 30 cents or 40 cents a bushel; neither can it be grown for 50 cents or 60 cents, and I do not think it can be grown for 80 cents.

Take the situation that existed last fall. From all appearances I had a good crop, but when the rust came and the grasshoppers were through with the crop, the wheat was graded No. 5 Special. If it had been graded No. 1, I might have made some money. Nearly all the wheat in our area graded No. 5 and some of it went for feed. We got 30 or 40 cents a bushel, and no one in Western Canada can grow wheat at that price and pay his debts. Like the honourable senators from Marquette (Hon. Mr. Mullins), Winnipeg

South-Centre (Hon. Mr. Haig) and Saskatchewan North (Hon. Mr. Horner), I believe this initial payment should be at least 87½ cents a bushel.

I agree with the honourable senator from Saskatchewan North that the 5,000-bushel limit should be done away with. If it is not, it will lead to fraud and crime and the like. As the honourable senator says, men will be dividing their farms so that their sons and the hired man will each have a share, and by marketing about 5,000 bushels each they will defeat the Act.

There are some other points that I wish to discuss, but as they have to do with certain amendments that have not been mentioned here to-night, I shall deal with them when the Bill is before the committee.

Hon. DUNCAN McL. MARSHALL: Honourable senators, I have no intention of delaying the House at any length. We have had an illuminating discussion about the tariff, and I have learned something about how a reduction of tariff increases the price of goods.

Some Hon. SENATORS: Hear, hear.

Right Hon. Mr. MEIGHEN: I thought you had learned it before.

Hon. Mr. MARSHALL: I am afraid I am still an unbeliever so far as that doctrine is concerned. We have also heard some remarkable arguments with regard to wheat and the tariff. However, I am not going to discuss that question, because, after all, this Bill has been introduced only because Western Canada has suffered a severe catastrophe of drought over a period of years and the farmers are in a bad way, and because the men who farm wheat alone get paid only once a year. They sow their crop in the spring and wait for the harvest; then they hire men to harvest it, and pay someone to thresh it and then draw it to the elevator. Therefore they need money, and need it immediately. The first purpose of this Bill is to see that they get an advance. This advance is based on a price of 70 cents, and they get it at once. If there is any more money to be got out of the wheat they will get it later on. How many people who milk cows or feed beef or hogs would like to be able to market their product when it is ready, and get in cash all it seems to be worth at that time, and a little more later on if the price goes up!

I am not going to discuss the question of how much it costs to raise a bushel of wheat. Many people tell me, "You cannot produce milk for less than \$1.50 a hundred," but we do it. We do it because we must. There are a good many farm operations that are

of family concern, and in the end the man and woman on the farm are in many cases better off, and live a better kind of life, than people who make money faster in some other way, whether by reason of high tariffs or other schemes devised by governments.

This Bill does not set a fixed price for wheat; it provides for the minimum price. Men know that if wheat falls below that price they can still get that price, and get it in cash, and that if the price goes up they will get the balance.

The honourable senator from Marquette (Hon. Mr. Mullins) spoke of 1 cent a bushel being collected. It is not 1 cent, but 1 per cent, which is a good deal less. This is collected for the purpose of paying the acreage bonus to the poor farmer who has been eaten up by grasshoppers or dried out by hot winds, and who has practically no crop at all. It would be very fine if we could make the price of wheat higher than it is.

We are told what will happen to any government that pass legislation of this kind. Well, if it happens, it will just happen. I do not know that a government should pass legislation simply on the ground that it is popular. The fact that a man is likely to vote for a group that tell him the government they hope to organize will, if elected, give him 90 cents or \$1.00 for wheat does not seem to me to constitute a very good basis for government. It is true that 70 cents is not a very high price for wheat. It is a price made not for the purpose of inducing people to vote one way or another, but to enable the farmer to get some money in the fall.

Hon. Mr. DANDURAND: And it is a secure price.

Hon. Mr. MARSHALL: Yes. No matter how cheap wheat may be, he will get that price.

The 5,000-bushel limitation is fixed because the Bill is intended to help the smaller farmer, not the man with the Diesel engine and the big seeder which can sow one hundred acres a day. He can raise his wheat very cheaply. We allow him to sell everything above the 5,000 bushels at whatever he can get for it. This is to help the man who lives with his family on the land and tries to farm a small acreage. The West has suffered from visitations of drought, rust and grasshoppers over a longer period of years than anyone thought possible, and this is a measure of relief. Governments in this or in any other country can neither undertake to make all business profitable nor to buy the products of different businesses at an advantageous price. This is to help the small farmer who

has difficulty in selling. Sometimes he cannot even load a car and has to take the street price, which is disastrous. Even if he can load a car, he probably has to sell immediately to get money. Under this Bill he can deliver the wheat to the elevator and get a cash advance up to the amount guaranteed by the Government, and this advance enables him to go on. This is a fair, moderate and reasonable measure, passed by the House of Commons, for the purpose of helping the wheat farmer in Western Canada, who has been in rather desperate straits for a number of years.

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

REFERRED TO COMMITTEE

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

The motion was agreed to.

FISHERIES BILL SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 15, an Act to amend the Fisheries Act, 1932.

He said: Honourable senators, the object of this Bill is to make a very slight amendment to the Fisheries Act of 1932. Paragraph (b) of section 57 of the Act provides for the payment of compensation by people who build or place in rivers obstructions which prevent fish from ascending or descending. When the law was enacted the intention was, I understand, that an annual sum should be paid by these people. To-day the contention is made that the Act may be complied with by payment of one lump sum. The purpose of this measure is to correct that interpretation.

The Bill would repeal paragraph (b) of section 57, which reads:

Every owner or occupier of a slide, dam or other obstruction across or in any stream,—

(b) Where the Minister determines that the provision of an effective fishway or canal around the slide, dam or other obstruction is not feasible, or that the spawning areas above such slide, dam or other obstruction are destroyed, who after thirty days' notice in writing, neglects or refuses to pay the Minister such sum or sums of money as he may require to construct, operate and maintain such complete hatchery establishment as will in the opinion of the Minister meet the requirements for maintaining the annual return of migratory fish;

shall be liable to a penalty of not less than four dollars and not more than twenty dollars for each day or part of a day during which such notice is not complied with.

Hon. Mr. MARSHALL,

This is to be replaced by section 57A, reading as follows:

57A. (1) Where the Minister determines that the provision which he deems necessary for the public interest, of an efficient fishway or canal around any slide, dam or other obstruction, is not feasible or that the spawning areas above such slide, dam or other obstruction are destroyed by reason of any such obstruction, the owner or occupier of any such slide, dam or other obstruction shall from time to time pay to the Receiver General such lump sum or annual sum of money as may be assessed against him by the Minister for the purpose of constructing, operating and maintaining such complete hatchery establishment as will, in the opinion of the Minister, meet the requirements for maintaining the annual return of migratory fish.

(2) Such lump sum or annual sum shall be payable at such time or times as the Minister may direct and may be sued for and recovered with full costs of suit in the Exchequer Court of Canada.

As paragraph (b) of section 57 now reads, the Minister is required to fix a sum or sums of money to be payable by the owner or occupier of a slide, dam or other obstruction. There is no authority to require an annual payment for the maintenance of a hatchery establishment. The proposed amendment is intended to give the necessary authority to assess the owner for the payment of a lump or annual sum to operate and maintain such complete hatchery establishment as will, in the Minister's opinion, meet the requirements for maintaining the annual return of migratory fish.

Right Hon. Mr. MEIGHEN: Honourable senators, this Bill provides that anyone who blocks the passage of fish in a stream may be required to make compensation to the Minister by annual payments instead of by one complete payment, and it is intended to make clear that this is what the Act always meant. The amendment is a very minor one. A Bill of this kind could safely go through a village council with every member asleep.

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

THIRD READING

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

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

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

THE SENATE

Tuesday, May 30, 1939.

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

Prayers and routine proceedings.

CANADA GRAIN BILL

REPORT OF COMMITTEE

Hon. Mr. BLACK presented, and moved concurrence in, the report of the Standing Committee on Banking and Commerce on Bill 62, an Act to amend The Canada Grain Act.

The motion was agreed to.

THIRD READING

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

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

CANADIAN WHEAT BOARD BILL

REPORT OF COMMITTEE

Hon. Mr. BLACK presented, and moved concurrence in, the report of the Standing Committee on Banking and Commerce on Bill 63, an Act to amend the Canadian Wheat Board Act, 1935.

He said: Honourable senators, as most of those who are now in the House were in the committee room when this Bill was under consideration, and as the amendments now presented have been discussed in this House as well as in the committee, I shall dispense with a reading of them.

The motion was agreed to.

THIRD READING

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

Hon. W. M. ASELTINE: Honourable senators, this Bill is very important to the province of Saskatchewan, and I wish to bring before the Senate a point which I raised in the Banking and Commerce Committee this morning, and in relation to which I desire to move an amendment to the Bill before it is read a third time.

It will be remembered that when the Wheat Board last year had fixed an initial price of 80 cents a bushel f.o.b. Fort William, the province of Alberta took exception to what had been done, and that after considerable negotiation with the Vancouver Board of Trade, the mayor of Vancouver and the

farmers of Alberta, the board ruled that the people of that province should also benefit and should get for their wheat the price to which they would be entitled if it were shipped by Vancouver. The action taken by the Wheat Board last year in fixing the price f.o.b. Fort William was very much in favour of the province of Manitoba and against Alberta, and that is why the people of Alberta took exception to it.

The people of Manitoba are very fortunate. Those who live near Winnipeg can ship their wheat to Fort William for only 12 cents per hundred pounds, whereas from Saskatchewan, where I live, the rate is 25 cents, and from most parts of Alberta it runs anywhere between 26 and 30 cents.

When this Bill was brought down I objected to it because it provided that the price of 70 cents a bushel should be f.o.b. Fort William. This means that the farmers of Alberta are discriminated against. It means also that the farmers of Saskatchewan, who were discriminated against last year in favour of Manitoba farmers, are receiving comparatively unfair treatment again this year. Those of us who grow wheat in northern Saskatchewan have the advantage of a much lower rate than 25 cents per hundred pounds if the wheat is shipped to Churchill; and the Wheat Board can save a good deal of money by shipping to that port, because the storage rate there is only one cent a bushel, as compared with seven to eight cents a bushel at Fort William and Vancouver.

The point I am making is this. Last year the farmers of Manitoba whose wheat was shipped to Fort William, and those of Alberta whose wheat was shipped to Vancouver, were given a preference over Saskatchewan farmers whose wheat was shipped to either of these ports, and the same thing will happen this year if the present Bill passes as it is. I urge that something should be done for the forgotten man in the province of Saskatchewan. That Manitoba happens to be closer than Saskatchewan to the elevators at Fort William and Port Arthur is no reason why the Manitoba farmer should receive eight cents a bushel more than the farmer residing in Saskatchewan; nor is the fact that Alberta is closer than Saskatchewan to Vancouver any reason why the Alberta farmer should receive as much as four cents a bushel more for wheat than the Saskatchewan farmer does. Last year nearly 32,000,000 bushels were shipped by the Wheat Board to Vancouver. The farmer in Alberta naturally received for that wheat the price he was entitled to, f.o.b. Vancouver. But a much larger quantity was shipped from Alberta to Fort William, and the Alberta farmer was paid just as much for it as if it had been shipped to Vancouver.

The position we of Saskatchewan find ourselves in is this. We are about the same distance from Fort William as from Vancouver, and it makes no difference to us whether our wheat is shipped to one or to the other of these ports. The Wheat Board has the option of shipping northern Saskatchewan wheat to Churchill, and I say that even though the Saskatchewan farmer's wheat is not shipped to Churchill he should be paid on the same basis as if it were. Since the Wheat Board can save a lot of money by shipping to that port, its facilities should be used far more extensively than they are. Last year only some one or two million bushels were shipped there. Even if the use of the Churchill route would mean a saving of only six cents a bushel on storage, the elevators there should be filled up all winter and the wheat shipped out the following spring.

I wish to move in amendment, seconded by the honourable senator from Digby-Clare (Hon. Mr. Robicheau), that this Bill as amended by the committee be not now read a third time, but that it be further amended by the insertion of the word "Churchill" after the words "Port Arthur," in paragraph 3.

Hon. Mr. MARSHALL: The honourable senator from West Central Saskatchewan (Hon. Mr. Aseltine) has pointed out that last year some wheat was shipped from Alberta to Fort William on which the farmer was charged only the Vancouver freight rate. Before our committee this morning Mr. McIvor explained that the price at Fort William was high enough to absorb the difference between the two rates, thus making it more profitable for the Wheat Board to sell the shipment at Fort William and still give the farmer the advantage of the Vancouver rate. We were told there is no market for wheat at Churchill and no special freight rate, and consequently there is no possibility of securing at that point a price high enough to take care of the differential. Some day there may be wheat buyers at Churchill, though it must be conceded that any such expectation is somewhat optimistic. I think Mr. McIvor said that about three-quarters of a million bushels of wheat was shipped to Churchill last year, and that two or three million bushels, much of it last year's crop, is about to be shipped. As there is no wheat market at Churchill, I do not think the Government would be justified in accepting the proposed amendment.

The proposed amendment of Hon. Mr. Aseltine was negatived.

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

Hon. Mr. ASELTINE.

SALT FISH BOARD BILL

FIRST READING

Bill 130, an Act to provide for the constitution of a Salt Fish Board.—Hon. Mr. Dandurand.

OFFICIAL SECRETS BILL

FIRST READING

Bill 92, an Act respecting Official Secrets.—Hon. Mr. Dandurand.

CANADIAN NATIONAL RAILWAYS FINANCING AND GUARANTEE BILL

FIRST READING

Bill 85, an Act to authorize the provision of moneys to meet certain capital expenditures made and capital indebtedness incurred by the Canadian National Railways System during the calendar year 1939, and to authorize the guarantee by His Majesty of certain securities to be issued by the Canadian National Railway Company.—Hon. Mr. Dandurand.

SECOND READING POSTPONED

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

Hon. RAOUL DANDURAND: As this is a money Bill, we could perhaps proceed with it now.

Right Hon. Mr. MEIGHEN: What Bill is it?

Hon. Mr. DANDURAND: It refers to a company about which we have heard considerable of late—the Canadian National Railway Company.

Right Hon. Mr. MEIGHEN: What is the purpose of it? To borrow money?

Hon. Mr. DANDURAND: The Bill authorizes the railway company to issue bonds or other securities not exceeding \$25,821,707 in principal amount, to provide the amounts necessary to meet capital expenditures made or capital indebtedness incurred during the calendar year 1939 by or on behalf of any companies or railways comprised in the National Railway system. The sum of \$25,000,000 odd is itemized in the explanatory notes.

Right Hon. Mr. MEIGHEN: Is the Montreal terminal part of it?

Hon. Mr. DANDURAND: The sum of \$25,821,707 is made up as follows:

(a) Retirement of maturing capital obligations, miscellaneous maturing or matured notes and other obligations secured or unsecured and payment of sinking funds, not exceeding	\$ 8,152,707
(b) Additions and betterments including co-ordinations and acquisition of real or personal property, not exceeding \$17,669,000 estimated as follows:	
General additions and betterments	\$13,854,994
Less: equipment retirements	8,754,994
	\$ 5,100,000
New equipment purchases	9,129,000
Acquisition of securities	3,440,000
	17,669,000
	\$25,821,707

Right Hon. Mr. MEIGHEN: Is this just an estimate? I have not the Bill before me.

Hon. Mr. DANDURAND: Then I will move that the second reading be postponed until to-morrow, so that honourable members may have an opportunity to look into the Bill.

The motion was agreed to.

LOAN BILL
FIRST READING

Bill 93, an Act to authorize the raising, by way of loan, of certain sums of money for the Public Service.—Hon. Mr. Dandurand.

SECOND READING POSTPONED

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

Hon. RAOUL DANDURAND: With the leave of the Senate, I would move the second reading of the Bill now.

Right Hon. Mr. MEIGHEN: How much is to be borrowed under this Bill?

Hon. Mr. DANDURAND: This Bill gives authority to the Governor in Council to borrow a sum not exceeding \$750,000,000, for the purposes set out in clause 2 of the Bill. The principal and interest of the loan are to be a charge upon and payable out of the Consolidated Revenue Fund. The Bill is in the same terms and for the same amount as The Loan Act, 1936.

My right honourable friend knows that authority is given to the Government from year to year to borrow money for the purpose of meeting maturities and votes of money made directly by Parliament. Clause 2 of the Bill reads as follows:

The Governor in Council may, in addition to the sums now remaining unborrowed and negotiable of the loans authorized by Parliament by any Act heretofore passed, raise by way of loan, under the provisions of The Consolidated Revenue and Audit Act, 1931, by the issue and sale or pledge of securities of Canada, in such form, for such separate sums, at such rate of interest and upon such other terms and conditions as the Governor in Council may approve, such sum or sums of money as may be required, not to exceed in the whole the sum of seven hundred and fifty million dollars, for paying or redeeming the whole or any portion of loans or obligations of Canada, and also for purchasing and withdrawing from circulation from time to time unmatured securities of Canada, and for public works and general purposes.

Clause 3 reads:

The principal raised by way of loan under this Act and the interest thereon shall be a charge upon and payable out of the Consolidated Revenue Fund.

This measure, which is almost a perennial, is a general authorization to the Governor in Council to meet the obligations of the Government from year to year, as well as liabilities which follow the voting of divers sums by Parliament. There are some years when, because hundreds of millions have been voted in a lump sum, no such Bill is presented.

Right Hon. ARTHUR MEIGHEN: Honourable members, it seems to me it would be as well for this Bill to stand over until to-morrow, so we may at least read it. There will be, I think, no undue delay. I should like honourable members to reflect on the significance of the Bill, and I hope the honourable senator from Inkerman (Hon. Mr. Hugessen) will be present when it comes up, so that he may understand how easy it is for us to pay our debts and deficits.

Hon. Mr. DANDURAND: I do not think any honourable member of this Chamber has ever raised his voice to protest against Canada paying its debts, or to advance the idea that they should be paid by means of the printing press.

Right Hon. Mr. MEIGHEN: I am not a supporter of the printing-press method.

Hon. Mr. BLACK: Could the honourable leader of the Government inform the House as to what portion of the \$750,000,000 will be used for the purpose of refunding outstanding loans, and what will be the rate of interest?

Hon. Mr. DANDURAND: I was just about to move the postponement of the second reading until to-morrow. I will give my honourable friend the information then.

The motion for second reading was postponed until to-morrow.

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

THE SENATE

Wednesday, May 31, 1939.

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

Prayers and routine proceedings.

INCOME WAR TAX 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 142, an Act to amend the Income War Tax Act.

He said: Honourable senators, the committee has considered this Bill and reports the same with certain amendments.

Hon. JAMES MURDOCK: Honourable senators, when I was coming into the Chamber our Parliamentary Counsel asked me if I would draw attention of the Senate to one word, which he considers superfluous, in the first paragraph of section 17, on page 4 of the Bill. As amended by the committee, that section would read:

A taxpayer shall be entitled to deduct from the taxes otherwise payable under this Act an amount up to ten per centum of the capital costs hereinafter in this section mentioned in the manner provided.

Parliamentary Counsel takes the position that the words "in this section," inserted by the committee, are amply sufficient to give effect to the intention, and that the word "hereinafter" might be misleading when amendments are made to the Act in years to come. I did not attend any meetings of the Banking and Commerce Committee; so I do not know what discussion occurred there on this section.

Hon. Mr. BLACK: I may say, honourable senators, that the Clerk of the committee brought this Bill to me just before I came into the Chamber. Our Parliamentary Counsel had suggested in committee that the word "hereinafter" be deleted, but I am informed that the department does not agree with our Parliamentary Counsel, and that it desires to have the clause left in the Bill as reported.

Hon. Mr. DANDURAND: We can quite safely leave the Bill as it is, because the fear expressed by our Parliamentary Counsel relates to what might happen when future amendments to the Act are being made. The Senate could deal further with this section at any such future time.

Hon. Mr. MURDOCK: But if other amendments were subsequently made, it might be argued that "hereinafter" referred to anything introduced in the future.

Hon. Mr. DANDURAND.

Hon. Mr. DANDURAND: There is that possibility.

The motion was agreed to.

THIRD READING

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

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

SALT FISH BOARD BILL

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 130, an Act to provide for the constitution of a Salt Fish Board.

He said: Honourable senators, the object of this Bill is to help a branch of the fishing industry that has been totally depressed owing to conditions over which the Canadian Parliament has had no control. The salt fish industry, particularly on the Atlantic coast, has been the mainstay of the fishermen in that part of Canada for centuries, and up to the time of the Great War it had been fairly prosperous. The Atlantic coast means the north shore of Quebec up to Labrador, the Magdalen islands, the Gaspé peninsula, the north shore of New Brunswick, and the eastern and western coasts of Nova Scotia as well as of Cape Breton. This industry usually produced from 50,000,000 to 70,000,000 pounds of dried salt fish, which was practically all exported to foreign countries—Spain, Italy, Portugal, South America, the West Indies and the United States—and the return from these exports was sufficient to maintain in some degree of modest comfort the population dependent upon the trade. The decline in the trade began immediately after the Great War and continued until the beginning of the depression in 1930. Since 1930 the fall in the production and export of dried fish has been greatly accentuated. It reached its low level last year, the quantity being about 19,000,000 pounds, and the low level in price was also struck. In 1927-28 the average price of dried cod, the basic price, was \$6.50 per 112 pounds—a quintal. Last year it was \$3.75. This decline in production is due to the loss of markets, which had been almost exclusively foreign, and that restriction in markets was, in turn, partly due to the contraction of purchasing power in the consuming countries. It was attributable also in a measure to new economic policies adopted by those countries in the way of quotas, high tariffs and restrictions in various ways against imports of Canadian fish. Another factor, which has contributed more than anything else to depress the dried fish industry, has been the

increasingly severe competition the producers have had to meet from foreign countries. Before the Great War Europe exported very little fish to South America, the West Indies and the United States, which constituted up to that time our best and almost exclusive market. After the war, some countries induced their people to enter the dried fish industry on a large scale, and public funds were provided to increase production and keep down the cost of production to individuals. By the means of subventions, subsidies and bounties, Norway and Newfoundland have displaced our Canadian product in markets which were formerly enjoyed by our exporters.

No one in Canada is responsible for the existence of the present conditions in the salt fish industry. Nevertheless we have to meet a situation in which about twenty thousand persons have to depend for their livelihood, and that of their dependents, on the proceeds of a trade which to-day does not return the cost of production. It may be said that these twenty thousand Canadians should turn to some other occupation. But everyone who is familiar with the geography and the economic conditions of the Atlantic coast knows that it is impossible to absorb that number of people into industries which do not exist. In the localities where these fishermen are situated, the land is not adaptable to profitable farming. There are no manufacturing industries of any kind, and there are no natural industries that could take care of these people.

For the last five years the annual return to those who have been engaged in the production of salt fish averaged about \$190 to each fisherman. With no prospect of any immediate natural improvement, it becomes absolutely necessary either to place these people on relief rolls, or, through some help, enable them to derive from their only possible occupation sufficient to maintain themselves and their dependents.

Commissions, both federal and provincial, public bodies, and socially-minded private individuals, during the last ten years, have investigated these conditions. They have been almost unanimous in recommending that some help should be given to these people to enable them to continue in their present occupation pending an economic readjustment.

It is intended to constitute a board made up of men who have acquired experience in the salt fish industry and who will suggest and bring about improvements in the methods of preparing the fish for export, and in the methods of marketing. It is intended to provide a limited amount of money to enable the board to carry on its work and render some assistance to the fishermen who cannot

make enough out of their industry to take care of themselves and their dependents. The adverse conditions which have prevailed in the dried and salt fish industry have had the effect of forcing many of the Atlantic fishermen to turn to the fresh fish business and the lobster trade. The result has been to force returns in these two branches down to unprofitable levels and bring about a general depression in all branches of the industry. It is hoped that by a revival of the dried and salt fish trade the pressure on the fresh fish and lobster trade will be released. With the expansion of our markets for fresh fish, both at home and abroad, and the expected reduction in the number of those employed in it, one is justified in assuming that better conditions will prevail in the fishing industry and among the fishermen.

Those are the views expressed by the Minister of Fisheries, who introduced this Bill in the House of Commons.

The Bill before us constitutes a board to be known as the Salt Fish Board, to consist of three members appointed by the Governor in Council. One of the members shall be appointed chairman and another vice-chairman. The chairman shall preside at meetings of the board, and, in his absence, the vice-chairman. I will read some sections of the Bill:

4. The Board, with the approval of the Governor in Council, may appoint and employ such technical or other officers, clerks and employees as may be necessary for the conduct of its business and the carrying out of the provisions of this Act.

5. The Board shall

(a) investigate and report to the Minister upon the marketing of salt fish in the export trade and explore all possibilities of opening up new marketing outlets;

(b) devise and recommend to the Minister a plan, or plans, which may be adopted for the orderly marketing of fish, salt or to be salted, with a view to improving conditions and bringing greater returns to the primary producer and the exporter;

(c) study and report to the Minister upon the best methods of preparing salt fish for the various export markets, to include,

(i) the manner of curing and packing and the marking of packages for export;

(ii) arrangements for an adequate inspection of salt fish for export, and the supervising of such;

(d) study and recommend to the Minister means of insuring the use of a proper grade and kind of salt for curing the various species of fish.

6. The Board may—

(a) give assistance to exporters in such form and manner and to such extent as may from time to time be determined by the Board and approved by the Governor in Council, provided that the assistance given to any exporter during any marketing season shall not exceed in value

twenty-five per centum of the value as estimated or found by the Board at the point and time of export of the fish in respect of which such assistance is given.

(b) with the approval of the Governor in Council establish by regulation and from time to time vary the terms and conditions under which assistance may be given under this section;

(c) with the approval of the Governor in Council enter into an agreement with any exporter providing for the sale by the Board, for such exporter, of fish during any marketing season.

7. The Governor in Council may authorize the Minister of Finance to make from time to time advances to the Board from moneys appropriated by Parliament for the purposes of this Act, and the Board may expend or administer for such purposes any sum or sums of money so received.

The Bill also provides for the appointment of advisory committees.

In order to give honourable members an idea of the cause of the depressed condition of the salt fish industry, I ask leave to read a statement made in Committee of the Whole of the other House by the Minister of Trade and Commerce, in response to a request by Honourable Mr. Cahan for information along this line. The Minister said:

As a matter of fact, the difficulties in the marketing of fish are similar to those we have experienced and are now experiencing in connection with the marketing of wheat. For instance, in some parts of Canada the fishermen are confined almost entirely to the production of this one commodity, and they are producing in excess of what can be consumed in this country. There is a necessity, therefore, just as there is in the case of wheat, of finding a foreign market. And just as in the case of wheat, we find we are confronted with certain difficulties, such as those of exchange control and tariffs, and particularly the difficulty of very severe competition from other countries.

The honourable member has asked who our competitors are, and has asked me to name our chief markets. In the past the chief markets for this kind of fish, or for fish generally, have been Italy; the West Indies, including Cuba; Spain, and, particularly, Brazil. Our chief competitors are Newfoundland, Norway and Iceland. Newfoundland is perhaps as strong a competitor as we have. The people of Newfoundland are almost confined to the production of one commodity, namely fish, and it is true that they seem to be able to provide competition by selling their fish at a price lower than that at which we can sell. The result is that we are in keen competition with Newfoundland.

Then, some of those countries are trying to make barter deals. They are attempting to exchange their products for the products of other countries. Canada has never tried to enter into barter arrangements. It may become necessary so to do. Norway subsidizes heavily her exports of fish. I take it that this Bill is by way of providing some means of competition with Norwegian and other fish.

Italy and Brazil, to both of which we formerly sold large quantities of fish, are now trying to develop their own fish-producing facilities. The same condition applies to fish

as applies to wheat. Where in years gone by we sold large quantities of wheat to France, Germany and Italy, those countries are now in a large measure supplying themselves. I am informed that Italy and Brazil are making determined efforts to supply their own fish. So far as Brazil is concerned, where we had perhaps the most valuable market of all, they have put on a very high tariff against Canadian fish.

I have spoken of some of the difficulties. The chief of these are the strong competition we have to meet, exchange and other controls, and other obstacles which have been placed in the way of trade. In that connection I might instance Italy. In recent years Italy has established a board who have complete control of all purchases, including purchases of fish. I believe at one time large quantities of Gaspé fish went to Italy. That fish was of the finest quality. But for reasons of their own the board who operate in Italy are buying fish which they can obtain cheaply from other countries—I think probably from Norway. Someone may say, "Why not try to make some sort of trade agreement with Italy?" May I point out to the committee that the former Government was negotiating and had practically concluded arrangement of the terms of an agreement with Italy. We continued those negotiations; but as honourable members know very well, certain events made it practically impossible for us to negotiate with Italy. Those negotiations have not been concluded and are being resumed. At the same time, here is one difficulty. Unless by way of trade agreement Italy guarantees that she will make a definite purchase of our fish, there is not much that can be done, because there is no private purchaser of fish in Italy. All purchases are under the control of a board.

I have outlined the problem with the information I had at hand. I would say that we still have a good market in Cuba. Most of our market is in western Cuba, although in that market Newfoundland is now becoming a strong competitor. I believe the eastern end of Cuba is being supplied by Norway. One might say, "Well, if you can sell Canadian fish to western Cuba, why can you not sell it to eastern Cuba?" I am told Norway happens to have a particular method of curing fish which has special appeal to the people of eastern Cuba. As I said at the outset, there are in connection with the preparation of fish many matters with which I am not familiar, but it will be realized that there are ways of preparing fish which will appeal to some groups which have been accustomed to a certain product. I believe the same is true in Brazil and in other countries.

Then, our market in the British West Indies is not as good as it was. Newfoundland has become a keen competitor. The committee is aware that we have had a twelve-year trade agreement with the British West Indies, and that it will be terminated at the end of this year. The Government has given notice of the termination of the agreement, pending the making of a new agreement with the British West Indies. We hope to have discussions, beginning perhaps late in the summer or early in the fall, with regard to the consummation of a new trade agreement. I can assure the committee that in those negotiations the Department of Trade and Commerce will bear in mind not only the conditions with respect to fish, but those with respect to all other commodities, and in any negotiations will do everything it can to promote the sale of fish and other commodities.

Hon. Mr. DANDURAND.

At one time we had a market in Spain for fish. The reason for the loss of that market is at once evident. During the Civil War in Spain very little could be done by way of carrying out an exchange of products. An additional reason is that some of those countries have become more or less impoverished, and have not the purchasing power they had before. In many instances they try to make barter arrangements, but, as I said before, Canada has not taken part in those arrangements.

I may say the Salt Fish Board, with headquarters at Halifax, will be composed of men who understand the difficulties now confronting fishermen on the Atlantic coast, and it is hoped the board will endeavour to get the fishermen to adopt a higher standard in the preparation and curing of fish so as to meet requirements of markets in various foreign countries, with a view to recapturing the business we have lost there. As honourable members are no doubt aware, very little salt fish is consumed in Canada, perhaps nine-tenths of the produce being exported. The bulk of the people who live on the Atlantic coast gain their livelihood from the sea. Theirs is a perilous life. World conditions have made their economic situation very distressful. At the present time a considerable part of last year's catch is still unsold. I am sure the country at large will welcome any effort made by Parliament to improve the lot of our Atlantic fishermen.

Right Hon. ARTHUR MEIGHEN: Honourable senators, we have been hearing for a considerable period now of the very discouraging state of the fishermen on the Atlantic coast, particularly in the province of Nova Scotia. There can be no doubt at all that times have been extraordinarily hard for them, and on this account their plight calls for sympathetic attention by the whole Dominion.

I take it that the essence of this Bill, if it has essence, is to grant an export subsidy. Section 6 provides that the board may, of course out of funds provided by the Dominion, grant a subsidy to exporters of salt fish, "provided that the assistance given to any exporter during any marketing season shall not exceed in value twenty-five per centum of the value as estimated or found by the board at the point and time of export of the fish in respect of which such assistance is given." This is the substance of the measure. I do not now attack the policy. Certainly the world to-day is cursed with subsidies, as it is cursed with other things concerning trade. Subsidizing by one country invites a similar method of accelerating and intensifying competition on the part of a rival, and in the end they get nowhere. However, we have to meet the conditions

which surround us, and at the moment I cannot suggest any other way of coming to the rescue of an industry which seems to be worthy of survival, and of taking care of the population who depend upon it.

What I do question, though, is the establishment of a new board. For the life of me I do not know what the proposed board can do that presumably the industry has not already done. I am not familiar with the leaders in the fish industry of the Maritimes, but I am familiar with their brothers on the Pacific coast and know something about conditions there. Under this Bill it is proposed to appoint a board to study export markets, and shipping, curing, salting and selling methods. I should be very much surprised if those in the industry did not know more about markets and methods than any board can ever tell them.

An Hon. SENATOR: Hear, hear.

Right Hon. Mr. MEIGHEN: Certainly that is true of the Pacific coast. I am thinking of two large companies there, the British Columbia Packing Company, headed by Mr. MacMillan, and another headed by Mr. Agar. I should like to know of any board which could tell those two gentlemen anything about catching, curing, treating and merchandising fish. Nor have I any reason to believe that business men of the Maritimes are not as capable as the business men of the Pacific coast. Consequently, I cannot resist the conclusion that it is mere futility to establish this board. I fancy I see its members having a pretty good time for a while. They will be in receipt of an income and will have every excuse, written right in the statute, for travelling all over the world.

This Bill is based on the assumption that those engaged in the fishing industry do not know their business. My guess is, they do. I would rather see the Government take hold of the matter directly. If they have made up their mind there is necessity for an export bounty on fish, they should take appropriate action. Certainly we of the West—if I may still include myself in the number—cannot complain, nor can the people of any other part of Canada. We have suffered nothing which the fishing people have not suffered. So if this is to be the policy, unfortunate though it is, let us take our life in our hands and adopt it. It is not a gigantic undertaking.

I do not anticipate that anything this board can do will be effective. I am inclined to believe its only result will be to postpone the application of an effective remedy, perhaps until the election is over, and no money will

be paid out. I do not know that such is the purpose. It may be the Government intend to do something of only an ancillary or subsidiary character. Whether they will intentionally postpone application of an effective remedy or not, I am in no position to say. I do suggest that the Government, instead of constituting a board of three persons under the pay of the treasury to learn something about the fish business from those who have been engaged in it all their lives, should direct their efforts and funds towards a definite policy of assistance, and start now rather than fritter away time in alleged investigations and studies.

I have received strong protests against the measure from persons engaged in the industry in British Columbia. I am in no position to say their protests are parallel to or identical with the objections I am making. They contend the Bill will be useless. Why it should be in respect of a bounty I cannot understand. However, I am sure it is the intention of the honourable leader of the House to refer the Bill to committee, and their protests can then be considered.

In view of the position of those engaged in the fishing industry on our Atlantic coast, I certainly would not stand in the way of second reading of the measure. And if the few words I have spoken inspire the Government to more direct and masculine efforts, I shall be all the more pleased.

Hon. ANTOINE J. LEGER: Honourable senators, while I approve the principle of the Bill, I do not think it will accomplish the object for which it is presented. The Minister apparently desires to stabilize and regulate the price of fish. I doubt very much whether the Bill will effect that purpose. It seems to me that the board should be given authority to establish a scale of prices to be paid to the producers—the fishermen. This measure would not appear to assist those who do the actual fishing. It will merely help merchants and exporters, and the poor fishermen will be left in distress. In a word, the Bill will not do much towards relieving the situation existing in New Brunswick and Nova Scotia.

Hon. Mr. DANDURAND: If the Bill did not bring about a higher return to the fishermen, then it would be absolutely useless, but I think that when the Minister appears before our Committee on Banking and Commerce he will be able to establish that an effort will be made to secure such a return to the producers—the fishermen—as will give them a fair living, and to a certain degree improve

Right Hon. Mr. MEIGHEN.

their standard of living, which, as my honourable friend knows, is now very low.

Thousands of our fishermen have no access to markets, as they are without railway facilities. They must therefore await the arrival of traders. Under this Bill the board is authorized to purchase fish direct from the fishermen.

Hon. Mr. LEGER: I do not see any such provision in the Bill. That is my objection. The board is not given sufficient authority.

Hon. Mr. DANDURAND: If the Bill is found to be deficient in this respect it can be amended in committee, but I think my honourable friend will find that the authority given to the board will enable it to help directly those who cannot help themselves. My honourable friend will observe that "exporter" is defined to be "a fisherman or cooperative group of fishermen."

My right honourable friend (Right Hon. Mr. Meighen) asks why the Government do not lay down a policy and have it carried out by the departmental organization in Ottawa. I think the difficulty is far greater than appears at first sight. For years past boards of trade, local committees, individuals and newspapers in the Maritimes have said, "This is a dire calamity," and they have been racking their brains to find a solution of the depression in the fishing industry. It is significant that no practical suggestion has yet been evolved. Under this Bill some \$800,000 will be at the disposal of the board to provide assistance to unfortunate fishermen. I think that instead of attempting to carry out the work through the Department of Fisheries here it will be preferable to have three men of high standing sitting at Halifax, readily accessible and free to go about the country for the purpose of investigating conditions and determining what measures are necessary to bring about an improvement.

When the Bill is referred to the Committee on Banking and Commerce I shall ask my colleagues from the Maritimes to attend and tell us what is required and in what particulars the measure can be made more effective.

I move second reading of the Bill.

Hon. C. C. BALLANTYNE: Honourable members, I do not pretend to know a great deal about our fisheries; as a matter of fact my knowledge is limited; but, having for some years occupied the position of Minister of Fisheries, I have, while listening to the honourable leader opposite (Hon. Mr. Dandurand), pondered how I would act in the circumstances which he has outlined were I again in charge of the department.

First of all, I desire to tell the House that in the Department of Fisheries there are many excellent officials, specialists who are familiar with the various phases of our fishing industry from one coast to the other. I feel confident that those men possess full and complete information regarding markets in foreign countries, including the quantities of fish required, the quantities produced by those countries and the methods of treating the fish for those markets, and if I were sending anybody to make a study of foreign markets I would make a selection from among those men. On the other hand, if the department has not sufficient information, why should it not first call upon the big fish packers and dealers to explain the market conditions of the world? Then, if it should turn out that Canada is handicapped in the curing of fish, or in some other respect, the department could take steps to remedy the situation.

But three men are to be appointed, and they are to be paid salaries. As my right honourable leader has pointed out, they are certainly going to travel all over the world: they are going to Spain, now that the revolution is over; they are going to Italy, to Norway, to Sweden and to Scotland. Of what benefit this will be to the fishermen or the packers of this country I cannot see, particularly as the department already has in its possession much better expert information than can be furnished by the three men who may be on this board.

Hon. Mr. DANDURAND: On what text does my honourable friend base his statement that these men will travel all around Europe?

Hon. Mr. BALLANTYNE: Naturally they would.

Hon. Mr. DANDURAND: I say no. That is something that will be disclosed in the Committee on Banking and Commerce.

Hon. Mr. BALLANTYNE: Would it not be natural to conclude that these men, after they are appointed, will say, "We must go and find out about these foreign markets—why they have been lost, and so on"?

If we assume that these men are not going to travel, what is the use of appointing men who do not possess half the knowledge which is already in the possession of the experts in the Department of Fisheries?

Hon. Mr. DANDURAND: My answer to the honourable gentleman is that the inquiry would be conducted around the Atlantic coast, through contact with the producers, for the purpose of ascertaining what can be done to raise the level of production. The pro-

ducers know who their competitors are; what competition they have to meet in Cuba, for instance, and why Norwegian fish get a preference. I should be most surprised to learn that the board was to travel about the world to find out about conditions with which the department is familiar.

Hon. D. O. L'ESPERANCE: Honourable members, I represent a division where the people depend on the fishing industry for a living. I think, therefore, I owe it to the House to say a few words about this Bill.

I am very much of the opinion expressed by the right honourable gentleman (Right Hon. Mr. Meighen), that the board to be constituted under the Bill will not accomplish very much. I do not know what conditions are in the Maritimes, but I know what they are on the Gaspé coast, where the largest dealers in cured and dried fish, Robin, Jones & Whitman—previously Charles Robin & Company—have a place of business. When I was down there last week I learned to my great surprise that for the first time in the last one hundred and fifty years the merchants had notified the fishermen they would not be buying any fish this year. Robin, Jones & Whitman did not go quite so far; they said they would decide in July. In Percé, which some twenty-five or fifty years ago was one of the large fishing centres, there is not a single fisherman to-day. Such a condition has never existed before.

I am not opposed to the Government trying to remedy the situation which exists, but I do not think the means adopted is the right one. Most of these boards which are appointed are simply camouflage to enable the Minister in charge of a department to avoid doing anything. When a board is appointed we have to wait for its report, and cannot act until we get it. Meantime the fishermen will starve.

I think the Bill is really intended to assist the salt fish industry, but we cannot take the position that salt fish to-day has any chance on the market. The people want fresh fish. That is one of the reasons why there is no market for cured fish. In view of these circumstances I think the best thing we could do would be to try to effect a cheap means of transportation for fresh fish. If you buy cod-fish steak in Montreal or Quebec you pay 12, 15 or 20 cents a pound for it, though the fisherman has sold it for less than a cent a pound. What is the reason for this discrepancy if it is not the cost of transportation? We should endeavour to bring about cheaper transportation and better marketing conditions for fresh fish.

Hon. Mr. DANDURAND: I should like to repeat my statement that the salt fish is for export purposes, not for domestic consumption. My honourable friend has spoken of fresh fish. Fresh fish is a perishable product which cannot be kept long. In many instances fishermen live in small villages where there are no cold storage facilities. Furthermore, the market for fresh fish is in Canada, and there is already an over-production for that market. We are trying to relieve this condition by securing an export market for salt fish. The fact that the salt fish producer, being unable to sell his product, turned to the fresh fish market, was one of the reasons why that market was depressed. We want to turn the tide of production towards the export market. If we can do that, both the salt fish industry and the fresh fish industry will benefit. However, all these matters can be threshed out in committee, where we shall have before us representatives from the Maritime Provinces.

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

REFERRED TO COMMITTEE

Hon. Mr. DANDURAND: I move that this Bill be referred to the Standing Committee on Banking and Commerce. I think that committee should meet at eleven o'clock to-morrow; and I would suggest to the Chairman of the Committee on Internal Economy that he should arrange to have his committee meet at another hour, so as to give the Committee on Banking and Commerce the right of way.

Right Hon. Mr. MEIGHEN: I am very glad this Bill is going to the Committee on Banking and Commerce. I may say that I have received a telegram, dated to-day, from the Fisheries Committee of the Lunenburg Board of Trade, expressing opposition to this measure. I shall hand the telegram to the Chairman of the Committee on Banking and Commerce, who may desire to send a telegram to the Lunenburg committee to inform them they will have the privilege of attending before our committee.

Hon. Mr. DANDURAND: I am informed that a telegram has come from the Halifax Board of Trade—

Right Hon. Mr. MEIGHEN: This is from Lunenburg.

Hon. Mr. DANDURAND: —and that a representative is on the way to Ottawa.

Hon. Mr. BALLANTYNE: I have also received a telegram from the great fish specialist of this House, the honourable

Hon. Mr. L'ESPERANCE.

senator from Lunenburg (Hon. Mr. Duff), who is very much opposed to the Bill. In fact I have received two telegrams.

The motion was agreed to.

OFFICIAL SECRETS BILL

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 92, an Act respecting Official Secrets.

He said: Honourable senators, this is a Bill respecting official secrets, and is merely a consolidation of two English Acts dealing with the same matter. The first of these, The Official Secrets Act of 1911, applied to Canada. As a result of experiences during the war it was deemed advisable by the British Parliament to amend this Act considerably, and in 1920 amendments were made and other provisions enacted. The measure of 1920 expressly declared that its provisions should not apply to Canada. Therefore, if our law were permitted to remain as it is, we should be operating under the old Official Secrets Act of 1911, which in certain respects is obsolete and does not meet present conditions. The present Bill, which comes, of course, under the Statute of Westminster, is in the main a consolidation of the English Acts of 1911 and 1920, the only difference being that it applies to Canada and Canadian conditions.

I do not know whether there is special objection to any clause of the Bill. If there is, it might be indicated to the Senate now, and dealt with in Committee of the Whole.

Right Hon. ARTHUR MEIGHEN: Honourable members, I am whole-heartedly in favour of this measure. This is the kind of legislation a government exists to enact. It is only proper that we should now have our own laws respecting official secrets and such matters, and should not be dependent upon, and expect our citizens to follow day by day, the enactments of the Parliament at Westminster. This, of course, is largely a replica of the British law; in fact, I doubt if it differs at all.

Hon. Mr. DANDURAND: The Minister of Justice has said it does not.

Right Hon. Mr. MEIGHEN: Every section seems to me to be necessary, and to be correctly expressed.

I may be forgiven for calling attention to one section. I hope that because I do so it will not be inferred that I am opposed to the Bill. Subsection 2 of section 11 says:

Where it appears to an officer of the Royal Canadian Mounted Police not below the rank of Superintendent that the case is one of great emergency and that in the interest of the State immediate action is necessary, he may by a written order under his hand give to any constable the like authority as may be given by the warrant of a justice under this section.

The warrant of a justice of the peace authorizes search and seizure. Under subsection 2 such a warrant may be issued without the interposition of any officer of the judiciary, upon the sole motion of an officer of the Mounted Police. It is of course based on necessity. But if there are any who in days gone by shivered over that section of the Criminal Code—I forget the number—

Hon. Mr. DANDURAND: Section 153.

Right Hon. Mr. MEIGHEN: Oh, no.

An Hon. SENATOR: Section 98.

Hon. Mr. DANDURAND: I meant 98.

Right Hon. Mr. MEIGHEN: That section is not written on the heart of my honourable friend (Hon. Mr. Dandurand) as it is on the hearts of others. Those who shivered and felt they were living under tyranny when section 98 was in effect will, upon reading subsection 2 of section 11, have grave apprehensions that the day of liberty has gone. How is it possible for liberty to survive when a mere policeman can search a man's house and arrest him, without any judicial interposition whatever? Those friends of light and leading, especially throughout Ontario, who have been tearing the purple off the clouds about a so-called "padlock law" in Quebec, may now turn their attention to subsection 2 of section 11 of this measure and warn us that therein are to be found terrors worse than those of any "padlock law" or of old section 98 of the Code. But for me it suffices merely to congratulate the Government on their conversion.

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

Hon. Mr. DANDURAND: If there is no objection to any part of the Bill, I would move third reading now.

Right Hon. Mr. MEIGHEN: I know that the honourable senator from Ponteix (Hon. Mr. Marcotte) wishes to discuss one section.

Hon. Mr. MURDOCK: May I ask a question? I notice that the word "he" is used several times on page 3: for instance, in line 7, "he shall be guilty of an offence under this Act"; in line 26, "the fact that he has been in

communication"; and in line 29, "shall be evidence that he has . . . obtained or attempted to obtain information." It seems to me I have read that "she" has at times been an important factor in the securing of national secrets, and I am wondering if the word "he" is sufficient in the instances I have cited.

Right Hon. Mr. MEIGHEN: Under the Interpretation Act, "he" includes "she."

Hon. Mr. GRIESBACH: May I ask the honourable leader of the House (Hon. Mr. Dandurand) whether it is intended to refer the Bill to Committee of the Whole?

Hon. Mr. DANDURAND: If there is a desire to examine any part of the Bill in detail, I will move reference to the Committee of the Whole.

Hon. Mr. GRIESBACH: I have a proposal with respect to one section.

CONSIDERED IN COMMITTEE

On motion of Hon. Mr. Dandurand, the Senate went into Committee on the Bill.

Hon. Mr. Léger in the Chair.

Sections 2 and 3 were agreed to.

On section 4—wrongful communication, etc., of information:

Hon. Mr. MARCOTTE: Honourable senators, I wonder if subsection 3 of section 4 is not dangerous. It reads:

If any person receives any secret official code word, or pass word, or sketch, plan, model, article, note, document or information, knowing, or having reasonable ground to believe, at the time when he receives it, that the code word, pass word, sketch, plan, model, article, note, document or information is communicated to him in contravention of this Act, he shall be guilty of an offence under this Act, unless he proves that the communication to him of the code word, pass word, sketch, plan, model, article, note, document or information was contrary to his desire.

Just what is meant by "receives"? Secret official information might be sent by registered mail to an innocent person, who would sign for the receipt of it and perhaps later on find himself in a difficult position. Who could say whether or not he had reasonable ground to believe, at the time he received the information, that it was communicated to him in contravention of this Act? He might be able to discharge the onus of proving that the communication was made to him contrary to his desire, but to do so would no doubt put him to a great deal of trouble and expense. He might even be placed under arrest and have his house searched.

Hon. Mr. GRIESBACH: I think, honourable senators, that every one of the sections in this Bill is the result of some actual occurrence, or some experience which gives grounds for fearing the possibility of occurrence. The subsection referred to by the honourable gentleman from Ponteix (Hon. Mr. Marcotte) would cover an incident such as honourable members will recall having read of about four months ago, when the diplomatic bag of the British Minister in Spain was used by a spy for transmission of documents to London. The porters and other officials who carried the bag were of course quite innocent as to its contents. Similarly, one of our own Mounted Police, or any other Canadian official, might be an innocent party to improper transmission of secret matter in a bag or package that he carries from one place to another. If such a person were arrested, his defence would be that he had no knowledge of the contents of the bag or package, and that the illegal transport had been contrary to his desire. I believe the section would not be in the Bill but for some actual occurrence, or some experience showing the possibility of a certain type of occurrence and the necessity of providing against it.

Hon. Mr. MARCOTTE: I could understand the subsection if it read "any official person," but it says "any person." Cases of the kind referred to by the honourable gentleman from Edmonton (Hon. Mr. Griesbach) are not the only ones covered by this provision. As I said a moment ago, any person might be the innocent recipient of secret information sent by registered mail. I am not opposed to the purposes of this section, nor to those of the Bill; I am perfectly in accord with them. I am simply pointing out what seems to me a dangerous feature of this subsection.

Hon. Mr. GRIESBACH: Subsection 4 of section 3 provides:

A person shall, unless he proves the contrary, be deemed to have been in communication with an agent of a foreign power if—

(i) he has, either within or without Canada, visited the address of an agent of a foreign power or consorted or associated with such agent.

I had intended moving an amendment to that, but I find that paragraph (c) of this subsection, on page 4 of the Bill, says:

Any address, whether within or without Canada, reasonably suspected of being an address used for the receipt of communications intended for an agent of a foreign power, or any address at which such an agent resides, or to which he resorts for the purpose of giving or receiving communications, or at which he carries on any business, shall be deemed to be the address of an agent of a foreign power, and communications addressed to such an address to be communications with such an agent.

Hon. Mr. MARCOTTE.

A spy in a foreign country never has information forwarded to him at his own address; he arranges for what are called "post offices." A common type of such "post office" is a small shop, say a corner grocery store. The spy makes a few purchases, to get himself known, and then says his business takes him out of town a good deal, so that he has no permanent address, and he asks permission to have mail sent to him in care of the shop. Having secured that permission, he will give the address of the shop to agents whom he employs to do jobs for him. The storekeeper will of course be entirely ignorant of the fact that his premises are being used as a "post office" for an enemy of the State. But if the authorities traced delivery of any secret information to such premises, the storekeeper would be required to prove his innocence, under subsection 3 of section 4, to which my honourable friend from Ponteix (Hon. Mr. Marcotte) is referring.

I repeat that I believe every section of this Bill is meant to cover something that either has actually occurred or is visualized by the authorities as possible.

Hon. Mr. DANDURAND: I think protection for an innocent person lies in the fact that he would have only to prove his good faith to be acquitted.

Hon. Mr. MARCOTTE: True. But he might be put to a lot of expense in doing so.

Hon. Mr. GRIESBACH: That cannot be helped.

Section 4 was agreed to.

Sections 5 to 10, inclusive, were agreed to.

On section 11—search warrants, in case of great emergency:

Hon. Mr. GRIESBACH: Subsection 2 of section 11 is the one to which reference was made a little earlier by the right honourable leader on this side (Right Hon. Mr. Meighen). It provides:

Where it appears to an officer of the Royal Canadian Mounted Police not below the rank of Superintendent that the case is one of great emergency and that in the interest of the State immediate action is necessary, he may by a written order under his hand give to any constable the like authority as may be given by the warrant of a justice under this section.

I do not know what the actual proportion is now, but there are probably four or five inspectors to every superintendent in the Royal Canadian Mounted Police. In the old days all the inspectors in the North West Territories were justices of the peace, and they may still be. I think the word "Superintendent" should be deleted and the word

"Inspector" substituted, to make the subsection read:

Where it appears to an officer of the Royal Canadian Mounted Police not below the rank of Inspector . . .

and so on. Every inspector is a man of considerable experience, and would be just as capable as the average justice of the peace in deciding whether a case was one of great emergency or not. The reason I am suggesting the change is that time might be lost if an emergency should arise in a remote section of the country where it was not possible to get in touch with a superintendent on short notice.

Hon. Mr. DANDURAND: Before my honourable friend moves an amendment, I would draw his attention to the fact that this Bill comes from the Minister of Justice, whose department has jurisdiction over the Royal Canadian Mounted Police. It seems to me that the measure must have been very carefully considered by the Minister, and I doubt if it would be judicious to amend it at this stage.

Hon. Mr. GRIESBACH: I am not moving an amendment; I am just suggesting one. I quite realize that the Mounted Police are under the Department of Justice, but sometimes the Force does not care to ask for as much as it would like to have.

Section 11 was agreed to.

Sections 12, 13 and 14 were agreed to.

On section 15—repeal:

Hon. Mr. GRIESBACH: This section would repeal sections 85 and 86 of the Criminal Code. Can the honourable leader of the House (Hon. Mr. Dandurand) tell us what these sections are?

Hon. Mr. MARCOTTE: They cover some of the offences provided against in this Bill.

Hon. Mr. GRIESBACH: Very well.

Section 15 was agreed to.

The title was agreed to.

The Bill was reported without amendment.

THIRD READING

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

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

CANADIAN NATIONAL RAILWAYS FINANCING AND GUARANTEE BILL

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 85, an Act to authorize the provision of moneys to meet certain capital expenditures made and capital indebtedness incurred by the Canadian National Railways System during the calendar year 1939, and to authorize the guarantee by His Majesty of certain securities to be issued by the Canadian National Railway Company.

He said: Honourable senators, the purpose of this Bill is to make provision, either by way of loan from the Dominion or by issue of securities by the company guaranteed by the Dominion, for the capital expenditures of the system and the retirement of miscellaneous maturing obligations.

The total amount to be provided is \$25,821,707, divided as follows:

General additions and betterments..	\$13,854,994
Less equipment retirements.. . . .	8,754,994
	\$ 5,100,000
New equipment purchases..	9,129,000
Acquisition of securities..	3,440,000
	\$17,669,000
Retirement of maturing obligations, including sinking fund and equip- ment principal payments.. . . .	8,152,707
	\$25,821,707

Yesterday my right honourable friend (Right Hon. Mr. Meighen) asked me if expenditures in relation to the Montreal terminal appeared in these figures. I may say that further details of these items will be found in the explanatory notes to the Bill, but I would direct his attention to the fact that the amount for "general additions and betterments" includes \$2,420,000 for the Montreal terminal development.

The total of \$25,821,707 might, by the issue of an unguaranteed equipment trust issue, be reduced to \$6,800,000 under section 30 of the Canadian National Railways Act. This section provides:

Where Parliament has authorized expenditures on equipment to the extent of 25 per cent of the cost of such equipment, the company may make or cause to be made one or more equipment issues for the remaining 75 per cent of such cost.

The following loans were made by the Government to the company under similar legislation:

1932..	\$ 8,077,338 33
1933..	8,228,101 10
1934..	10,747,973 98
1935..	7,293,065 84
1936..	7,011,230 75
1937..	11,035,032 61
1938..	10,754,678 80

All these loans have been repaid out of the proceeds of Dominion guaranteed railway issues, with the exception of \$2,515,731.26. This remains on the books of the Dominion as an active asset.

The guaranteed bonds issued under the 1938 legislation form part of the \$50,000,000 issue dated January 16, 1939. This issue comprised two securities: \$15,000,000 seven-year 2½ per cent bonds, sold at 99, to yield 2.40 per cent, and \$35,000,000 twenty-year 3 per cent bonds, sold at 97.25, to yield 3.19 per cent.

Two and three-quarter per cent equipment trust certificates to the amount of \$7,600,000 were sold at an average cost of 3.08 per cent. These certificates are payable by annual instalments over a period of fifteen years.

I would draw attention to the fact that this is simply a Bill to empower the National system to borrow money to meet certain capital requirements. It has nothing to do with the Canadian National budget which is provided for in the railway estimates.

With this explanation, I move second reading of the Bill.

Right Hon. ARTHUR MEIGHEN: Honourable members, this measure is entitled "Canadian National Railways Financing and Guarantee Act," but in reality it is merely a Bill to authorize the borrowing of money on the credit of the Dominion of Canada. We proceed to pay our deficits and losses by signing a new note, and thus enable certain honourable members, especially the honourable senator from Inkerman (Hon. Mr. Hugessen), to rejoice at the facility with which this is done. I am sorry he is not here to-day to offer thanks that this debt is to be paid by a note.

I should like to have some further particulars in regard to the application of this money. True, the money has to be paid, but we are providing means by which it is to be secured. It is considered worth while to give us certain rough estimates, but nothing of a detailed character as to where the money is finally going to land.

The first figure, \$8,152,707, represents retirement of maturing capital obligations. That is all right.

But the second figure, \$17,669,000, is not entitled to the same commendation. This is not for retirements; it is for new investments. I gather from the explanatory note that it is all for new investments. I do not understand the order in which the figures are made up. Honourable members will put aside the \$8,152,707, which is wholly for retirements, and concentrate on the \$17,669,000. It is given in this form:

Hon. Mr. DANDURAND.

General additions and betterments, \$13,854,994.—

Hon. Mr. DANDURAND: Does my right honourable friend desire me to give him those details now?

Right Hon. Mr. MEIGHEN: Yes. We heard a couple of minutes ago that \$2,000,000 odd of that is for the Montreal terminals.

Hon. Mr. DANDURAND: Yes.

Right Hon. Mr. MEIGHEN: These so-called "details" do not enlighten us very much. When the Canadian National system has some expenditures which it wants the country to forget, it takes them out of its own funds. When it would make expenditures which it is ready to disclose fully, expenditures probably in the nature of equipment purchases, those are included in the details given to the House as to application of the proceeds of loans. So the \$2,000,000 odd included here for the Montreal terminals is just the portion the railway management decided to insert in this \$25,000,000 in respect of an investment which is going to become historic and rank beside the Grand Trunk Pacific Railway, the Hudson Bay Railway, and other notable railway ventures to which we have committed ourselves at the instigation of various political leaders in the past.

I should like to have full particulars of this \$13,854,994. I do not understand the deduction under the heading, "Less equipment retirements." Why should equipment retirements be subtracted from "additions and betterments"? If it has to be subtracted from some item, surely it should be from "new equipment purchases, \$9,129,000."

Hon. Mr. BLACK: In any case, why make a deduction at all? The money is to be expended. The total will still be \$13,000,000 odd.

Right Hon. Mr. MEIGHEN: The \$8,754,994 is deducted from the \$13,854,994, leaving \$5,100,000; so you have this amount, plus \$9,129,000 for new equipment purchases and \$3,440,000 for acquisition of securities; and these three items aggregate \$17,669,000. I am not clear in my own mind as to why "acquisition of securities" is put in here at all. One would think that was in the nature of a retirement, but evidently it is not. If it were, it should be added to the \$8,152,707. It is a rather curious method of compilation, and I do not understand it. In any event, I should like full details relative to the application of the \$13,854,994 for general additions and betterments.

Hon. Mr. DANDURAND: I will give my right honourable friend the details. As honourable members are probably aware, the officials of the Canadian National Railway system appear each session before the special railway committee of the other House to render an account of their administration during the last twelve months and to advise the committee of the needs of the system for the ensuing twelve months. Details of the items which I am now about to give were examined and approved by that special railway committee.

By paragraph (b) of section 2 the following are classed as "authorized expenditures":

Additions and betterments including co-ordinations and acquisition of real or personal property, not exceeding \$17,669,000 estimated as follows:

General additions and betterments..	\$13,854,994
Less: Equipment retirements.. . . .	8,754,994
	\$ 5,100,000
New equipment purchases..	9,129,000
Acquisition of securities..	3,440,000
	\$17,669,000

These are the details of the \$13,854,994 for general additions and betterments:

Atlantic region..	\$ 889,421
Central region..	2,007,974
Western region..	3,223,145
Grand Trunk Western Railroad Com- pany..	707,335
Central Vermont Railway, Inc.. . . .	130,492
Hotels..	1,935,000
Montreal terminals development.. . .	2,420,000

My right honourable friend will recall that upwards of \$12,000,000 has been mentioned as the amount to be expended on the Montreal terminal plan, 40 per cent of which will be allotted by the Government from relief funds in order to provide work for the unemployed. This sum of \$2,420,000 is to cover for the first year expenditures which will extend over a period of three years. These are the further details:

Prince Edward Island car ferry and terminals..	\$ 33,400
Subsidiary companies..	216,483
General, including additions and bet- terments to equipment..	2,291,744
	\$13,854,994
Less equipment retirements..	8,754,994
	\$ 5,100,000

New equipment purchases.. \$ 9,129,000

These are the particulars of the purchases for 1939.

Hon. Mr. BLACK: Before the honourable gentleman proceeds I should like to ask a question. I do not see how we can treat the \$8,750,000 as a credit. I can conceive how it is done by book-keeping, but surely the total expenditure is just that much more than is

shown in the statement. In other words, the total is not \$25,800,000, but \$34,500,000. Perhaps my honourable friend will explain.

Hon. Mr. DANDURAND: The total cannot be more than the \$25,800,000 odd which the Bill authorizes. I would direct my honourable friend's attention to this proviso in section 2:

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 \$25,821,707, being the total of the items hereinbefore set out.

Hon. Mr. BLACK: I am aware of that. But why is there a debit of \$13,000,000 and a credit of \$8,000,000?

Hon. Mr. DANDURAND: I will see if my notes contain an explanation. I was about to give details of the \$9,129,000 for new equipment purchases for this year. They are as follows:

New equipment purchases, 1939.	
Canadian National Railways	
Freight cars—purchased or built:	
2,000 box cars	
25 steel underframe cabooses cars	
Passenger cars—purchased or built:	
5 mail and express cars	
10 baggage cars	
100 refrigerator cars	
Work equipment—purchased or built:	
1 Jordan spreader	
1 steam crane	
1 locomotive crane	
Grand Trunk Western Railroad	
Work equipment—purchased or built:	
1 50-ton steam crane.	
Units, 2,144—Total estimated cost, including sales tax and inspection charges, for 2,144 units..	\$9,129,000

Here are the details respecting acquisition of securities, Canadian National Railway portion:

Vancouver Hotel Company—working capital, joint with C.P.R..	\$ 100,000
Northern Alberta Railway Company— general additions and betterments, joint with C.P.R..	3,220,000
Chicago and Western Indiana Rail- road Company..	120,000
	\$3,440,000

Section 3 of the Bill provides:

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 \$25,821,707.

Advances are made periodically to the railway company for both deficit and capital purposes, and are charged temporarily to the deficit appropriation. The amounts chargeable to capital are later credited to the deficit

appropriation and charged to active assets on certificates furnished by the company, the final certificates for the year being signed by Messrs. George A. Touche & Company, the company's auditors.

The amount of temporary loans made in 1938 totalled \$10,754,678.80, of which \$2,515,751.26 remains unpaid. The total appropriation in 1938 was \$25,174,233. The details of the estimated and actual expenditures are as follows:

	Estimate	Actual
Retirement of capital obligations	\$ 9,019,233	\$ 9,035,275 06
Additions and betterments (less retirements)	4,400,000	-2,493,534 24
Acquisition of securities	700,000	1,257,906 34
New equipment: Budget (25 per cent)	3,455,000	2,955,031 64
Bond issue (75 per cent)	7,600,000	7,600,000 00
	\$25,174,233	\$18,354,678 80
Financed by equipment issue Series "P"		\$ 7,600,000 00
Financed by temporary loans from Government		10,754,678 80
		\$18,354,678 80

Sections 4, 5 and 6 are the same as last year. Recent Canadian National Railway Company bond issues do not include any provision for sinking funds.

Section 7 is the same as last year. A general guarantee is signed by the Minister of Finance.

Right Hon. Mr. MEIGHEN: Those clauses are the same. It is the amounts that differ.

Hon. Mr. DANDURAND: Yes. Section 8 is the same as last year. The proceeds of a guaranteed bond issue have recently been placed, in the first instance, to the credit of the Minister of Finance in trust for the Canadian National Railway Company, with the Bank of Canada.

Since 1934 there have been refunded matured or called issues of the Canadian National Railways to the amount of approximately \$210,000,000. The annual savings in interest charges amount to approximately \$3,280,000. This calculation allows for the amortization of the increased debt due to certain issues being called at a premium. In addition, certain issues have matured in the amount of \$16,046,000 in 1939, and have been refunded by temporary loans from the Dominion. If these loans are refunded into long-term debt by an issue to the public at a cost of, say, 3 per cent, there will be a further saving of about \$150,000.

I do not know that I can give further details as to the expenditures involved under this Bill, which is not a vote of government expenditure, but simply a mode of meeting the capital obligations which will arise in the National Railways budget.

Hon. Mr. DANDURAND.

Right Hon. Mr. MEIGHEN: Can the honourable gentleman tell me why \$3,440,000 of this money, to be used for the acquisition of securities, is not included as part of the first item, "retirement of maturing capital obligations"?

Hon. Mr. DANDURAND: Under what clause is it?

Right Hon. Mr. MEIGHEN: The first item making up the \$25,000,000 is "retirement of maturing capital obligations," \$8,152,707. Then you have an item, "acquisition of securities, \$3,440,000." What is the acquisition of securities but the retirement of maturing obligations?

Hon. Mr. DANDURAND: I confess that I have not under my hand the answer to my right honourable friend. If we could take the second reading now, and put the Bill down for third reading to-morrow, I would get the information.

Right Hon. Mr. MEIGHEN: All right.

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

LOAN BILL SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 93, an Act to authorize the raising, by way of loan, of certain sums of money for the Public Service.

He said: Honourable senators, this Bill gives authority to the Governor in Council to borrow a sum not exceeding \$750,000,000, for the purposes set out in clause 2 of the Bill. The principal and interest of the loan

are to be a charge upon and payable out of the Consolidated Revenue Fund. The Bill is in the same terms and for the same amount as The Loan Act, 1936.

The only clause which I should read is clause 2, which says:

The Governor in Council may, in addition to the sums now remaining unborrowed and negotiable of the loans authorized by Parliament by any Act heretofore passed, raise by way of loan, under the provisions of The Consolidated Revenue and Audit Act, 1931, by the issue and sale or pledge of securities of Canada, in such form, for such separate sums, at such rate of interest and upon such other terms and conditions as the Governor in Council may approve, such sum or sums of money as may be required, not to exceed in the whole the sum of seven hundred and fifty million dollars, for paying or redeeming the whole or any por-

tion of loans or obligations of Canada, and also for purchasing and withdrawing from circulation from time to time unmatured securities of Canada, and for public works and general purposes.

There may be some questions as to what the words "for public works and general purposes" comprise. This phrase relates to the fact that at the end of the year, or during the year, there may be a deficit in the amounts voted by Parliament for those purposes, and it empowers the Government to borrow money to cover the deficit. That is the only addition to the general clause, the meaning of which is quite clear.

Between this date and December 31, 1940, there matures or is callable a total of \$719,995,115.33. I give the details of that amount:

Date	Interest rate per cent	Where payable	Amount
Callable on 6 months' notice (due July 1, 1950)	3½	London	\$137,058,841 00
1939—June 1	1	Canada	2,638,000 00
July 1	4	"	33,293,470 85
Oct. 15	4	"	17,168,000 00
Oct. 15	2½	"	6,242,500 00
Nov. 15	2	"	4,654,000 00
1940—Mar. 1	3	"	115,013,636 82
June 1	1½	"	80,000,000 00
Sept. 1	4½	"	75,000,000 00
Callable Oct. 1, 1940, (due Oct. 1, 1960)	4	London	93,926,666 66
Recapitulation			\$564,995,115 33
Maturing in 1939			\$ 63,995,970 85
Maturing in 1940			270,013,636 82
Callable prior to end of 1940			230,985,507 66
			\$564,995,115 33
Treasury Bills*			155,000,000 00
			\$719,995,115 33

*Treasury Bills are renewable under the Appropriation Acts, but if this amount were funded into long-term bonds, necessary authority would have to be provided.

The Dominion Government in 1936 were authorized to borrow \$750,000,000. That amount is practically exhausted, the balance left at the disposal of the Government being only \$17,371,475.03. To-day the Government are without power to meet liabilities such as I have described except through this Bill which is before you for ratification.

My honourable friend from Westmorland (Hon. Mr. Black) asked me yesterday at what rate the Government intended to borrow. I have this afternoon mentioned the rates on borrowings that have taken place lately. The rates on the last \$50,000,000 borrowed under the Loan Act of 1936 will be an indication of the present market for our Canadian securities. On May 15 last, a three-year loan was taken up at 1½ per cent, and on the same date a nineteen-year loan was taken up at 3 per cent. The rate changes

from day to day, and it is impossible to say what it will be within six months or a year, but I hope it will not be above the figure I have just indicated.

Hon. Mr. BLACK: I was much interested in the honourable gentleman's statement of the various interest rates payable on the total of approximately \$700,000,000 which matures or is callable between now and the end of 1940. Included in that amount there is, I gather, between \$300,000,000 and \$400,000,000 on which we are paying three per cent or more. I feel quite sure the Government will borrow money at a much lower rate and pay off these obligations. Very considerable savings can be made in this way. I thank the honourable gentleman for his explanation.

Hon. Mr. DANDURAND: Out of maturities totalling \$564,995,115.33, details of which

I have given, two issues are payable in London, in sterling. One, of \$137,058,841, at 3½ per cent, due July 1, 1950, is callable on six months' notice; the other, for \$93,926,666.66, at 4 per cent, due October 1, 1960, is callable on October 1, 1940. It will be for the Department of Finance to decide when it is to the advantage of Canada to call in these issues.

Right Hon. Mr. MEIGHEN: I would not be so presumptuous as to offer any advice to the Government about borrowing money. They have had a long and very intensified experience, and ought to be experts, or pretty nearly so, by this time. The merry dance goes on—

Hon. Mr. DANDURAND: Of course, that experience has been accumulated from year to year over a considerable period.

Right Hon. Mr. MEIGHEN: Yes. I feel like repeating the poet's prayer: "Let joy be unconfined."

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.

GOLD CLAUSES BILL

FIRST READING

Bill 87, an Act respecting Gold Clause Obligations.—Hon. Mr. Dandurand.

SECOND READING

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

Hon. RAOUL DANDURAND: If my right honourable friend (Right Hon. Mr. Meighen) has examined the Bill, I would ask leave to move second reading now.

Right Hon. Mr. MEIGHEN: All right.

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

He said: Honourable senators, this measure is highly technical. Its purpose is to amend the Gold Clauses Act of 1937 so as to bring it into line with a judgment handed down by the Privy Council last year. When Canada and other countries went off the gold standard it was thought that Canadian debtors were protected against the resultant increase in the burden of their debts, by the provisions which prohibited the export of gold and the melting down of gold coin, and that a failure

Hon. Mr. DANDURAND.

to pay in gold coin would be only a technical breach of contract. However, the House of Lords held that all gold clauses must be construed as gold value clauses. That is, they were to be construed as imposing on the debtor the obligation to return in paper currency a sum equivalent to the value of the fixed quantity of gold in the open market. That is the doctrine which the House of Lords promulgated in certain cases, instances being *Feist v. Société Intercommunale Belge d'Electricité*; the *King v. International Trustee for the protection of Bondholders Aktiengesellschaft*, and *New Brunswick Railway Company v. British and French Trust Corporation, Limited*. This last-mentioned case is the one that specially interests us.

The Gold Clauses Act of 1937 was enacted to eliminate the extra burden imposed on Canadian debtors, and its constitutional basis was the jurisdiction of Parliament in relation to the monetary system and, in particular, to head 20 of section 91 of the British North America Act, that is, legal tender. The Act attacked the problem in two ways: first, by provisions concerning tender, and second, by a public policy provision. In the New Brunswick case which I have mentioned the validity of our Gold Clauses Act was recognized, but certain statements were made by the judges which justify the amendment we now seek. They held, inter alia, first, that the question of tender was one for the *lex fori*, so that the tender provisions in the Act apply only to actions in Canadian courts; and, second, that the provisions were not so worded that a tender could be made under them after an obligation had been repudiated, as the creditor's right was then, not an action to enforce a contract, but one for damages for breach of contract.

The purpose of this Bill is to remedy the objections which the House of Lords found in the Act of 1937. This Bill does not change the principle of the Act, nor does it change the Act itself, except to facilitate resistance to a lawsuit in which the validity of the Act may be attacked.

With this explanation I rest the case for the Government, and I suggest that my right honourable friend (Right Hon. Mr. Meighen) express his views.

Right Hon. ARTHUR MEIGHEN: I have studied the Bill as well as I can. It is one of the most technical with which we have had to deal. Certainly, under the financial economy of the day, measures of this type are essential. It is very unfortunate that the Act of 1937 was not in the form used here. If it had been, we should not have

had that disastrous Privy Council judgment under which a New Brunswick company has been held liable for a very large sum of money because of gold provisions in a contract. I do not know why the 1937 legislation was so defective. This, however, has apparently been very carefully studied, and there is no reason why it should not go through.

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

THIRD READING

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

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

CANADIAN WHEAT BOARD 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 this House concurs in the amendments made by the Senate to Bill 63, an Act to amend the Canadian Wheat Board Act, 1935, and that a consequential amendment be made to the said Bill by striking out the words "Fort William" in lines 1 and 2, on page 2, and substituting therefor the words "Fort William-Port Arthur or Vancouver."

Hon. Mr. DANDURAND: Has my right honourable friend (Right Hon. Mr. Meighen) been informed of this?

Right Hon. Mr. MEIGHEN: Yes, I have heard of it.

Hon. Mr. DANDURAND: We struck out the words "Fort William" and substituted "Fort William-Port Arthur or Vancouver" in the first part of section 3 of the Bill, but omitted to make a consequential change, to the same effect, which was necessary near the end of the section. The purpose of the amendment proposed by the Commons is simply to correct our omission. I move that this amendment be concurred in.

The motion was agreed to.

SALT FISH BOARD BILL

CONSIDERATION IN COMMITTEE

On the motion to adjourn:

Hon. Mr. TANNER: I should like to suggest to the honourable leader of the House (Hon. Mr. Dandurand) that he arrange to have present at the Banking and Commerce Committee, when we are discussing the Salt Fish Board Bill, some official from the Department of Fisheries capable of giving the com-

mittee information as to the comparative qualities of Norwegian, Icelandic, Newfoundland and Canadian salt cod. In my judgment quality is a vital factor in the export business.

Hon. Mr. DANDURAND: I shall have that information available to-morrow.

Right Hon. Mr. MEIGHEN: The honourable leader might also have someone to inform the committee why it is the department has no official possessing knowledge of matters which are to be investigated.

Hon. Mr. DANDURAND: The department has officials familiar with the general situation of the fishing industry throughout the country, but this Bill requires a study of something more than that, namely, the local situation in Nova Scotia.

Right Hon. Mr. MEIGHEN: Some officials are thoroughly familiar with that, too.

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

THE SENATE

Thursday, June 1, 1939.

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

Prayers and routine proceedings.

SALT FISH BOARD BILL

REPORT OF COMMITTEE

Hon. Mr. BLACK presented the report of the Standing Committee on Banking and Commerce on Bill 130, an Act to provide for the constitution of a Salt Fish Board.

MOTION FOR THIRD READING—BILL REFERRED BACK TO COMMITTEE

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

Hon. C. E. TANNER: Honourable members, I refrained from discussing this Bill when it was up for second reading, as I desired to get information that would likely be available when the Bill was before the Banking and Commerce Committee. The committee considered the measure to-day, and we now have the report.

Personally, I am very much in sympathy with the main objective at which this Bill aims, namely, betterment of the men engaged in the fishing business—the fishermen—particularly in the province of Nova Scotia. I am well aware, as I have no doubt many honourable members are also, that the fishermen in that province are in a bad plight, and that

any help we can give to them is not only well deserved, but very necessary.

The objective, without which this Bill would have no merit at all, is, as I have said, to put more money into the pockets of the fishermen, the men who go to sea and catch the fish; not into the pockets of the exporters, that is, the mercantile class, the middlemen. The fishermen, I understand, are the only beneficiaries contemplated by this Bill. They are the only people deserving of consideration.

After listening carefully to the two honourable ministers who appeared before our committee this morning, and also to a prominent official of the Department of Fisheries, I am convinced that the persons who will obtain advantage under this Bill in its present form are those we call exporters, that is, those engaged in the business of exporting. Nobody appeared before the committee to represent the fishermen, but Mr. Smith, of Halifax, was present. He is an exporter, a business man, and, I presume, he buys fish from the fisherman. He said the Bill would help a little. Presumably he had in his mind it would help the exporter a little.

Hon. Mr. DANDURAND: No.

Hon. Mr. TANNER: Oh, yes.

Hon. Mr. DANDURAND: If my honourable friend will allow me—Mr. Smith said it would help to the extent of 25 per cent, and he thought the amount would not perhaps be sufficient.

Hon. Mr. TANNER: I know. I am speaking of the 25 per cent. I have that in my mind. That is the bonus which would be payable under this Bill. I conclude he thought, and I am convinced he is right, that when the fisherman delivers his fish to the middleman, the fisherman will get the old price for his fish—

Hon. Mr. BALLANTYNE: Or less.

Hon. Mr. TANNER:—and if any 25 per cent bonus is paid it will go into the pocket of the middleman, the exporter. If I am right—and that is my impression after hearing what was said before the committee—this Bill should be altered. It should provide a safeguard for the man who catches the fish, the man who does the hard work and who in Nova Scotia, I know, is down on his uppers, hard up, not able to make a living at present prices for fish.

I am going to move, as an amendment to the motion, that the Bill be not now read a third time, but that it be referred back to the Committee on Banking and Commerce, with instructions to amend the same as follows:

Hon. Mr. TANNER.

First, to provide that the Bill shall clearly set out as its objective the obtaining of better prices for their products by the fishermen-producers, and to provide that conditions and regulations shall contribute to that end;

Second, to provide that the board to be appointed shall consist of an officer of the Department of Fisheries, as chairman, and that the other two members shall be representatives of the fishermen-producers, co-operative or other;

Third, to delete clause 9 of the Bill.

This morning I pointed out to the Minister of National Revenue, who was supporting the Bill, that it was intended to better the conditions of the fishermen, and I asked why the Bill should not provide that a fair proportion of the 25 per cent bonus should go into the pocket of the man who caught the fish. He shook his head. He did not think that could be worked out. Well, I think the subject is worthy of a little more consideration to see if it cannot be worked out, because the main objective of Parliament is to provide for the fisherman. If there is to be a 25 per cent bonus, we ought to know whether it is going into the pocket of a middleman, or whether the fisherman is going to get a proportion of it; and I think there is skill enough in this Parliament to contrive words, to be put into the Bill, which will make certain that the man who catches the fish will get some of the money.

With regard to the other point, the appointment of an officer of the Department of Fisheries as chairman of the board, it seems to me that requires no argument at all. If we have in the department a staff of competent men, as I believe we have—men who understand not only the curing, but also the exporting of the fish—it is far better to have as head of this board one of these experienced men, to confer and consult and act with the representatives of the fishermen, than a green hand who will have to be educated in these matters.

Now I come to the third part of my proposed amendment, the deletion of section 9. That section reads:

The Board shall give effect to any Order in Council that may be passed with regard to its work.

What does that mean? It simply means that if this Bill becomes law it may be repealed here at Ottawa any day by an Order in Council directing the board to take no action. That would be the end of the whole thing. I do not think we want to put such power into the hands of the Governor in Council.

Hon. RAOUL DANDURAND: Honourable senators, I do not know if this is the only amendment which will be proposed to the motion for third reading. In committee my

right honourable friend the leader opposite (Right Hon. Mr. Meighen) moved that the preamble be declared not proven. That was an attack upon the very essence of the Bill. Whether he will take similar action in the course of this debate, I do not know. If he votes for the amendment, the implication will be that he sees some merit in the Bill and desires to make it more meritorious. The object of the amendment seems to be a change in only the application of the measure. If no attack is made here upon the principle of the Bill, I shall feel that the Senate approves of that principle, which is the giving of assistance to the 20,000 Maritime fishermen who, as was said by my honourable friend from Pictou (Hon. Mr. Tanner), are on their uppers.

I wonder why my honourable friend has not proceeded otherwise. He could have moved that the Bill be not now read a third time, but be amended in such and such particulars. We have not the text of his amendments. He asks that the Bill be returned to the Committee on Banking and Commerce. We could have a far more illuminating debate on the value of his amendments if we had them before us. Of course, he could withdraw his motion, and, since he feels that important amendments should be made, he might submit them to the House.

I need not repeat what I said yesterday. The purpose of this Bill is to come to the help of the fisherman. That is its very basis and essence. My honourable friend fears, because the word "exporter" appears in the Bill, that the fisherman is not sufficiently protected and may to a certain extent lose his advantage by the bonus being divided between him and the exporter. But we did not need to discuss the Bill in our committee this morning to discover its intent. Paragraph (d) of the interpretation clause defines "exporter" and indicates clearly who is to be the beneficiary under this proposed legislation. Let me quote the paragraph:

"Exporter" means a fisherman or co-operative group of fishermen or any other person owning fish which is afterwards exported in a salted state, whether dried, boneless, pickle cured or otherwise processed.

It will be observed that the fisherman who goes to sea and brings back his catch is an "exporter," and he is an exporter because more than nine-tenths of his fish is dried and salted for export.

Hon. Mr. TANNER: Mr. Cowan said that in Nova Scotia the fisherman sells his fish to the merchant, and therefore he is not an exporter.

Hon. Mr. DANDURAND: Yes; but he is an exporter under this Bill.

Hon. Mr. TANNER: Oh, no.

Hon. Mr. DANDURAND: Oh, yes. My honourable friend will notice that "exporter" is defined to mean "a fisherman or co-operative group of fishermen." So a co-operative association of fishermen can attend to the processing and marketing of their fish for export. It must not be forgotten that last year everyone was asking what could be done for the unfortunate fisherman. We have all desired legislation to empower the Government to rescue him from his dire distress, and this Bill crystallizes that desire.

What are the duties of the board to be constituted under this Bill? They are set out in section 5:

The Board shall

(a) investigate and report to the Minister upon the marketing of salt fish in the export trade and explore all possibilities of opening up new marketing outlets;

(b) devise and recommend to the Minister a plan, or plans, which may be adopted for the orderly marketing of fish, salt or to be salted, with a view to improving conditions and bringing greater returns to the primary producer and exporter.

The "primary producer" is the fisherman.

The assistance to be given to the fisherman will at times be direct. For instance, by section 6 the board may advance to the fisherman a certain percentage of the value of his catch. At present he may have to wait three, six and sometimes twelve months or more before he receives a cent for his hard work, since the merchant defers payment until he gets a remittance from his purchaser in the foreign market. One virtue of the Bill is that the benefit goes direct to the producer.

Of course, on the principle of being more loyal than the King, one may say, "I want to be certain the fisherman will not be forgotten." I reply, this Bill is introduced for the sole purpose of assisting the fisherman—the producer. I do not deny that a Bill which deals with a difficult subject can be improved. After all, this is an experiment. But it is an experiment in the right direction, and I am glad that the Senate appears to be unanimous in accepting the principle of the Bill.

My honourable friend says, "Let us make sure that the fishermen shall get the full bonus, whatever it may be." In order that we may deal with this very point, I should like to see the text of the amendment which he intends to bring before the committee.

My honourable friend has also moved that clause 9 be struck out. This is the clause:

The Board shall give effect to any Order in Council that may be passed with regard to its work.

I find a similar direction in clause 11:

The Board may, with the approval of the Governor in Council, make such regulations as may be necessary for the operation of this Act and for carrying out the provisions thereof in accordance with its intent and meaning.

I shall have to ascertain from the Minister who had charge of the Bill in the House of Commons what he thinks of the suggestion. It is of minor importance, as probably clause 11 is sufficient.

As to the suggestion that the Bill be amended so as to ensure that the fisherman shall not be neglected, I cannot see how he could be when the essence of this measure is to improve his condition.

In the other House the honourable Minister of Fisheries stated that a number of fishermen in the Maritimes would soon be on relief if the industry was not given assistance. This Bill will render assistance in various forms. One has only to peruse it to see what the Department of Fisheries has in view. An educational campaign will be undertaken to raise the standard and improve the quality of the fish in order to make it more acceptable in the various markets we want to reach. There will in consequence be direct contact with the fishermen, for the fishermen themselves generally prepare their fish for market.

I am told that the fishermen view with considerable satisfaction the steps which are about to be taken to better their condition. We do not know how this proposed legislation will work out, but we hope it will prove beneficial to the class for whom it is intended. I believe it was approved by all members of the other House who represent fishing districts in the Maritimes, and I am sure the Senate will do well to accept the Bill in its present form.

I am not disposed to vote for the amendment unless, before the end of this debate, I am furnished with the text of the clauses to be submitted to the committee. I think the Senate is entitled to this information.

Right Hon. ARTHUR MEIGHEN: Honourable members, from what I said yesterday, immediately on the introduction of the measure and before I had an opportunity to confer with others, no one could conclude that for my part I was opposed to assistance to the fishermen of the Maritime Provinces.

Hon. Mr. L'ESPERANCE: And the Gaspé coast.

Hon. Mr. DANDURAND.

Right Hon. Mr. MEIGHEN: I hope they are included.

Hon. Mr. L'ESPERANCE: I am not sure.

Right Hon. Mr. MEIGHEN: If they are, I would support the Bill all the more strongly. As to the principle of assistance, nobody who wants to be fair in this family of Confederation could take exception to the Government interesting itself in relieving the condition of a section of the population very much distressed through no fault of their own, and largely because of unfair competitive methods depriving them of their export markets. These unfair methods consist chiefly in bonusing, but I believe other devices are also adopted by competing countries. We were told to-day, and I have no reason to doubt the accuracy of the statement, that on the part of the industry itself there has been a lack of efficient modern methods of curing and merchandising; that to some extent the responsibility of the industry has not been fully discharged. It is not necessary, however, to consider that point. Conditions are bad. One has only to read the Maritime newspapers to be quite certain of it. Therefore everybody welcomes an attempt to produce a remedy.

The honourable senator from Pictou (Hon. Mr. Tanner) has moved that three features of the Bill be altered to provide for three different objectives. I start with the last—and I keep in mind what the honourable leader of the House says, that the amendment is not specific enough, and should actually state the provisions which it proposes should be inserted. The last amendment proposed is that clause 9 be deleted. It could not be more definite. Should clause 9 not be deleted? One reads the clause with amazement. I called the Minister's attention to it this morning, and all I got in reply was "Carried!" Here is the clause:

The Board shall give effect to any Order in Council that may be passed with regard to its work.

Now, if clause 9 remains, who is to be in charge of the operation of the board? Who is to be the superintending genius? It is the Governor in Council. If the board fails in any way to perform this work to the satisfaction of the Governor in Council it can be ordered to handle it differently, or it can be ordered to stop altogether. If there is something the Minister or the Governor in Council wants to achieve and the board is not helping, all the remedies on earth are available. Under clause 9 the Minister and the Governor in Council can get into the saddle. They can alter the salaries and the scale of

expenses. No doubt that is easy. This is a very unusual clause. I do not remember ever seeing one like it before. If I had noticed it I would not have allowed it to pass without protest. The board is to sit, and the Governor in Council will stand behind, holding a club over its head morning, afternoon and night.

Now for the second amendment. This is an instruction to insert a provision that the chairman of the board of three shall be an officer of the department, and the other two members representatives of the fishermen-producers, co-operative and individual. Could anything be more definitely phrased? You do not need to say such and such a section shall be amended by adding a certain clause. I could draft a clause which would not need correction after the first attempt. I might word it along the line of clause 8, which provides for advisory committees. Where have we heard about them before? This Government has a veritable passion for advisory committees. Clause 8 says:

With the approval of the Governor in Council, the Board may appoint advisory committees—
—any number of them—

to advise it in connection with the marketing of fish. Each such committee shall consist of not more than three members, two of whom shall represent the fishermen-producers, and the other shall represent the dealers or exporters.

Hon. Mr. DANDURAND: My right honourable friend need not stress that point. I did not have the amendment before me. It would be a sufficient direction.

Right Hon. Mr. MEIGHEN: Certainly it would be. But before I pass from that, let me ask why it is necessary to have advisory committees composed of a majority of representatives of fishermen-producers if there is no necessity of the board itself being composed in the same way. Can anyone answer that? In the Bill it is found necessary to say in advance, and it is declared in a mandatory form, that on each and every one of the committees there shall be a majority representing the fishermen-producers. Yet on the board itself it is not necessary for them to be represented by a soul!

I ask that this consideration be kept in mind too. The men best trained in respect of the main function the board would probably perform under section 5, that of investigating as to the best methods of curing, selecting and merchandising fish, are surely in the department now. If they are not, the department needs new vindication before this House. Without question the men are there. Then, why should not some of these men, whom we know to be qualified, be selected to do the

work, rather than some from outside who may be in the exporting business? I made a suggestion along that line to the Minister, but he said, "We cannot afford that; we need all the men we have in the department." Does anyone really think that is correct? Such might be the case in a privately-managed business, but I have never seen evidence of it in government departments, and I have been attached to nearly all of them at different times. Further, the department has surely been giving time and attention to the Atlantic fishing industry. It is now going to be relieved of much of that work, which will be transferred to a board; so, even if the department has been overloaded, everybody in it working overtime, it will not be called upon to do any more overtime work after the change than it was before. So, I submit, the chairman of the board should be appointed from the department—we know there are good men there—for then we should be sure he was a man selected because of his training in these things, and not for some other reason.

The subject-matter of the first amendment proposed was discussed at some length in committee this morning. I tried to have it discussed seriously. I pointed out to the Minister of Fisheries, as well as to the Minister of National Revenue, who took an active part, that even if it were to be assumed that the real essence and purpose of the Bill was to get a better price into the hands of the producer, there was nothing in the Bill to show it; that the Bill on its surface indicated no interest in him at all, but only an interest in the exporter. I was answered this way, as I am now: "Look at the definition of 'exporter.' It may include men who do not export at all." I do not like a definition which can be interpreted in that way. Let us look at the definition. It says:

"exporter" means a fisherman or co-operative group of fishermen or any other person owning fish which is afterwards exported in a salted state, whether dried, boneless, pickle cured or otherwise processed.

By a literal interpretation the definition would include anyone who goes out and catches fish which afterwards are sold and exported. My observation would be that it is ridiculous to call a man who just fishes an exporter.

"But," it is said, "we have included the original producer, and therefore he may get something of this 25 per cent which is to be paid to the exporter." Let us inquire as to that. I turn to section 6, on the next page, which provides:

The Board may—

(a) give assistance to exporters in such form and manner and to such extent as may from time to time be determined by the Board and approved by the Governor in Council, provided

that the assistance given to any exporter during any marketing season shall not exceed in value twenty-five per centum of the value as estimated or found by the Board at the point and time of export of the fish in respect of which such assistance is given.

Will anyone tell me how this clause can apply to the original producer? The original producer never has fish at the point and time of export; therefore he can never, under any circumstances, get the bonus direct.

Hon. Mr. DANDURAND: Unless the board pays the agent of the fisherman.

Right Hon. Mr. MEIGHEN: The board has no power to pay it to anybody but the exporter. And who is to value the fish at the point and time of export? The fisherman is out. The answer is complete; it is written right in the terms of the Bill. Under those terms the fisherman has to depend on the exporter.

The honourable leader of the Government asks, "Why do you not word that amendment specifically?" I can do it, but it would take a little time. Give the Bill to the committee, and if the Minister cannot suggest the wording I will undertake to do it for him. In the strongest way possible I urge the Minister from Nova Scotia, whom I know very well, and in whose ability I have a great deal of confidence, to come back and insert clauses to provide that the object of the regulations and conditions attached to the payment shall be the payment of the money to the fisherman-producer. The Minister could do that; nobody could do it better. Then the principle and purpose of the measure would be expressed in it for the direction and guidance of the board. As the Bill is now, the board need not be guided by that purpose at all. I can easily see the possibility that under this Bill not a single fisherman will benefit to the extent of one cent. He may benefit, but there is no provision that he must. I apprehend, and I confidently state, that unless the Bill is amended the great benefit of the \$800,000 voted will go to the merchandiser.

All we ask is that the Bill be amended to meet these three objections. Surely they are reasonable. Surely the Bill will be far better administered if what is now proposed is embodied in it. I plead with the leader of the Government to permit the Bill to be returned to the committee, and I promise there shall be no obstructive delay whatever.

I have had no consultation with anybody about this, unless the receipt of telegrams can be called consultation.

I can hardly sit down without making reference to one incident in this morning's evidence. To me it was most amusing.

Right Hon. Mr. MEIGHEN.

Yesterday I received from the Fisheries Committee of the Lunenburg Board of Trade a telegram protesting in the most determined language against this Bill, saying that while its intent was to help the industry it was their considered opinion that in its present form it would really be detrimental to the fishermen and disastrous to the general fish export trade. Honourable members were in receipt of telegrams from the Halifax Board of Trade. I do not know that they were exactly the same as the Lunenburg telegram, but they protested against the Bill and declared its terms had not been referred to those persons most directly interested. The Halifax telegrams also conveyed the information that a man was being sent here to voice a protest against the measure. The man arrived this morning—Mr. Fletcher Smith—and became a witness before the committee. His first sentence was an announcement that, like Saul of Tarsus, he had seen the light while on the way and now he was in favour of the Bill. I asked him just what it was that had brought about this sudden conversion. Will honourable members really accept my word when I tell them that he called attention to section 8, which provides that with the approval of the Governor in Council the Salt Fish Board may appoint advisory committees. He said: "I made inquiries and I have found that even though such advisory committees are appointed, the board will still be able to ask other people for advice. Having found that out, I have come to the conclusion that the Bill would not be disastrous at all."

Hon. Mr. DANDURAND: He gave another reason.

Right Hon. Mr. MEIGHEN: I made fun of that first statement of his, and he saw what a ridiculous thing it was to address to any person's intelligence. Then he said, "Well, we were not satisfied with the provision in section 6 that the assistance given to any exporter shall not exceed 25 per cent of the value of the fish, but now we are convinced that while that may not be enough, it will not do harm." The inference is that before he got here he had feared assistance to the extent of 25 per cent of the value of the fish would be harmful. Is that explanation any less ridiculous than the other?

Hon. Mr. DANDURAND: He said it had been thought the 25 per cent would be insufficient.

Right Hon. Mr. MEIGHEN: And he told us that not only was Halifax now fully satisfied with the Bill, but he was confident Lunenburg was too, although telegrams received

from there had stated it was all wrong and would be disastrous. I leave honourable members to surmise what occurred. I suggested to Mr. Smith that after he got here persons interested in the measure had called his attention to the wide latitude allowed by section 6, which provides that assistance up to 25 per cent of the value of the fish shall be on the basis of the board's own estimate of that value; that they had pointed out to him the board need not be guided by the market at all, but could place any value it desired to place upon the fish—in short, that it had a leeway as wide as the universe; and that when he realized these things he saw the light more quickly than Saul did.

Hon. Mr. DANDURAND: That is a surmise.

Right Hon. Mr. MEIGHEN: Yes, that is my surmise. Anyone who will address two such absurd explanations to me cannot complain if I surmise a reasonable one.

Hon. Mr. CALDER: Honourable senators, I am not a member of the Banking and Commerce Committee, but perhaps I may be permitted to make a few remarks. After listening to the debate I feel that something is certainly wrong with this Bill. The arguments made here convince me that in its present form it would not fulfil what I understand to be the purpose, which is to give assistance to the people who actually catch the fish. I am in favour of this, and I submit there should be a reference back to the committee in order to have the Bill amended so as to make that purpose clear. No difficulty need be encountered in doing that.

Hon. Mr. DANDURAND: I take for granted that the majority of honourable members present are in favour of the amendment. I do not know the purport of the principal part of it, but I shall be in a better

position to judge that when the Bill comes back from the committee. I suggest that the committee meet as soon as the Senate rises.

The amendment of Hon. Mr. Tanner to refer the Bill back to the Standing Committee on Banking and Commerce was agreed to, on division.

CANADIAN NATIONAL RAILWAYS FINANCING AND GUARANTEE BILL

THIRD READING

Hon. Mr. DANDURAND moved the third reading of Bill 85, an Act to authorize the provision of moneys to meet certain capital expenditures made and capital indebtedness incurred by the Canadian National Railways System during the calendar year 1939, and to authorize the guarantee by His Majesty of certain securities to be issued by the Canadian National Railway Company.

He said: Honourable senators, on the second reading of this Bill my right honourable friend opposite (Right Hon. Mr. Meighen) raised the question as to why the item "Acquisition of securities, \$3,440,000," was not included in the item "Retirement of maturing capital obligations." I can now give him an answer, from a memorandum which I have received.

"Acquisition of securities" is to provide for the purchase by the Canadian National Railways, jointly with other railways, of securities to be issued by another company; in other words, an increase in the assets of the Canadian National Railways. "Retirement of maturing capital obligations" is to provide for the payment at maturity of serial obligations or for sinking fund payments of securities issued by the Canadian National Railways, or a decrease in the liabilities of the Canadian National Railways. It is therefore not possible to combine these two items.

The details of the item "Acquisition of securities" are as follows:

Vancouver Hotel Company (Joint with C.P.R.):		
Provision for purchase of one-half of the capital stock of the Vancouver Hotel Company, Ltd., to provide for working capital.		\$ 100,000 00
Northern Alberta Railways Company (Joint with C.P.R.):		
General Additions and Betterments:		
Expenditures to December 31, 1938, not yet advanced.	\$ 194,835 50	
Requirements for 1939.	666,122 39	
Balance of purchase price payable to province of Alberta.	5,580,000 00	
	<u>\$6,440,957 89</u>	
C.N.R. proportion (50 per cent).	\$3,220,478 94	
	(say) \$3,220,000 00	\$3,220,000 00
Chicago and Western Indiana Railroad Company:		
Advance to be made to the Chicago and Western Indiana Railroad Company under terms of fourth supplemental indenture dated as of March 1, 1936, between that company and the Bankers Trust Company.		120,000 00
Total acquisition of securities.		<u>\$3,440,000 00</u>

Right Hon. Mr. MEIGHEN: I think I understand it now. I take it from the memorandum that acquisition of securities, \$3,440,000, means acquisition by the Canadian National Railways Company itself, the parent company, of the securities of one of its subsidiaries, issued by that subsidiary no doubt for the purpose of making capital improvements. Therefore we are entitled to know just what those improvements are and where they are applied. The honourable leader (Hon. Mr. Dandurand) gave yesterday the items in connection with the \$13,854,000, of which \$2,000,000 was for that blessed Montreal terminal.

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

LIBRARY OF PARLIAMENT

CONCURRENCE IN JOINT COMMITTEE'S REPORT

Hon. CAIRINE WILSON moved concurrence in the report of the Joint Committee on the Library of Parliament.

She said: Honourable senators, I presented this report to the House yesterday, and in the meantime honourable members have had an opportunity of reading it.

It was necessary to adjourn the first meeting of the joint committee for lack of a quorum. At the second meeting, held on May 23, no senator was present, and that is why I have been asked to present the report. The reason for not convening earlier was that the committee was awaiting a report from the Department of Public Works on the desired improvements, so as to have an estimate of their cost. These improvements have for a long time been considered necessary, and I understand all members of the committee present at the meeting felt they should be made.

The motion was agreed to.

INCOME WAR TAX BILL

MESSAGE FROM 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 this House concurs in the amendments made by the Senate to Bill 142, an Act to amend the Income War Tax Act, and while doing so, it does not think it advisable, at this period of the session, to insist upon its privileges in respect thereto, but that the waiver of the said privileges in this case be not, however, drawn into a precedent.

Hon. Mr. DANDURAND.

Hon. Mr. DANDURAND: I am happy to find that this Upper Chamber has not hurt the feelings of the House of Commons to any serious degree.

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

THE SENATE

Friday, June 2, 1939.

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

Prayers and routine proceedings.

SALT FISH BOARD BILL

REPORT OF COMMITTEE

Hon. Mr. BLACK presented, and moved concurrence in, the report of the Standing Committee on Banking and Commerce on Bill 130, an Act to provide for the constitution of a Salt Fish Board.

He said: Honourable senators, the Bill as reported contains certain amendments embodying the suggestions made yesterday by the honourable senator from Pictou (Hon. Mr. Tanner).

Hon. ROUL DANDURAND: Honourable senators, I stated yesterday that I was not ready to concur in sending back the Bill to the Committee on Banking and Commerce, because I had not seen the text of the amendments suggested by my honourable friend from Pictou (Hon. Mr. Tanner). I now have the amendments before me. The principal one is the insertion of a preamble, setting out the purpose of the Bill. At the time the measure was introduced in the other House the honourable Minister of Fisheries explained what the purpose was. That vocal expression has been crystallized in this preamble, and to it I have no objection.

The second amendment is to insert the words "on such terms and conditions as may be deemed necessary to ensure that such assistance reaches the fishermen producers" after (a) in clause 6. This would make the clause read:

The Board may—

(a) on such terms and conditions as may be deemed necessary to ensure that such assistance reaches the fishermen-producers, give assistance to exporters in such form and manner and to such extent as may from time to time be determined by the Board and approved by the Governor in Council, provided that the assistance given to any exporter during any marketing season shall not exceed in value twenty-five

per centum of the value as estimated or found by the Board at the point and time of export of the fish in respect of which such assistance is given.

The proposed amendment is not limitative; it does not specify how the desired end shall be reached. When the economy of the Bill is examined it is obvious that no effective assistance can be given to the fisherman himself unless a market is found for his salt fish, at a price that will enable him to live. The words added would cover all means of so helping the fishermen, and I have no objection to this amendment either.

The third amendment would eliminate clause 9. As I stated yesterday, I do not see that the clause is absolutely necessary, since clause 11 effects the same purpose.

But I have some doubt as to the usefulness of the amendment which would impose upon the Governor in Council the duty of appointing an officer of the Department of Fisheries as chairman of the board and the other two members as representatives of "the fishermen-producers, whether co-operative or other." I have no doubt that the man selected from among the staff of the Department of Fisheries would possess adequate technical knowledge, but I fear he would not be in a position to examine into marketing conditions throughout the world, and more especially in those countries from which our salt fish has been excluded by unfair competitive and other conditions. This restrictive clause might to a certain extent hamper the Government in selecting three persons competent not only to supervise the preparation of fish for divers markets, but also to purchase the product from our fishermen and see to its distribution. These purchasing operations may involve expenditure amounting to thousands of dollars, apart altogether from the 25 per cent payments provided for in section 6.

With that reservation, I accept the report of the committee and raise no objection to the Bill in its amended form.

Right Hon. ARTHUR MEIGHEN: Honourable members, I am very happy that the honourable leader of the Government (Hon. Mr. Dandurand) has accepted the amendments. I need make no comment on those to which he wholly agrees. As respects the provision that the chairman of the proposed board shall be a member of the staff of the Department of Fisheries and the other two representatives of fishermen-producers, if I were Minister of the department I should welcome the amendment with acclaim. When a bill provides for financial assistance spread over a defined area, it is, I think, the greatest mistake to place the distribution of that assistance outside the department and in the

hands of local men. The principle is wrong. The results are always unfortunate. When it comes to the administration of the Act the Minister will be very glad that his chief officer is so close at hand. This will enable the Minister to watch operations under the Act and to see that the man administering it gives primary consideration to the general interest of the country.

The honourable leader of the Government fears it may be difficult to get a man who is sufficiently acquainted with the business. I cannot concede that there are not officers in the department who know a great deal about it. The honourable gentleman (Hon. Mr. Dandurand) says this board may be buying fish and then selling them. There is nothing in the measure to enable them to do that. It would be a far less desirable one if it gave them such power. Subclause (c) of section 6 enables the board to make agreements with exporters to handle the sale of the product.

Hon. Mr. DANDURAND: As agents.

Right Hon. Mr. MEIGHEN: As agents they may do that. The official of the department may not have experience in merchandising, but if the Government do their duty the other two members of the board will know about that end of the business; they will probably have had experience in exporting as well as in purchasing. It is very important that these men be experienced in and understand the business of the producer, and that they be representative of the very man this Bill is said to be designed to help.

I should have liked the amendments of yesterday to go further; I should have liked them to provide for the exercise of some control over the value on which the 25 per cent may be paid. It is within the power of the board, without restriction, to estimate the value. This is a tremendous power, and it is the main reason why the head of the board should be an officer of the department. I can think of no case in which the link between the board and the department should be closer. I refrained from going further with amendments because the Minister, Mr. Ilsley, represented that to do so would prevent the board from making advances to the fishermen, which he represented to be very essential. I may have acceded too readily to the representations of the Minister in that regard. I did so because of my confidence in him. Until I heard the Minister it seemed to me the value fixed should be the market value, that is to say, the price at which a sale could be made; but his urging was so earnest that, wisely or otherwise, I yielded.

Hon. CHARLES E. TANNER: I want to add just a word or two with respect to what has been said by my honourable friend (Hon. Mr. Dandurand). The board has power under section 4 to—

employ such technical or other officers, clerks and employees as may be necessary for the conduct of its business.

It must not be forgotten that we have a Department of Trade and Commerce, one of whose particular functions is to seek markets. I should take it for granted that in this respect the board would have the very hearty co-operation of that department.

Hon. Mr. DANDURAND: The Minister of Trade and Commerce gave that assurance in the other House.

The motion was agreed to.

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.

NEWPORT, P.E.I., WHARF

INQUIRY DROPPED

On the notice by Hon. Mr. Macdonald (Cardigan):

That he will inquire of the Government as follows:

1. What was the total cost of repairs to the wharf at Newport, Prince Edward Island, during the years 1936, 1937 and 1938?

2. Give names of all parties who supplied material for this work, and amount paid to each.

3. Give names of all those employed at said work, and amount paid to each.

Hon. Mr. MACDONALD (Cardigan): I would ask to have this inquiry dropped.

The inquiry was dropped.

PROROGATION—BUSINESS OF THE SENATE

DISCUSSION OF CENTRAL MORTGAGE BANK BILL

Hon. Mr. DANDURAND: Honourable senators, we have cleared our Order Paper, and I understand that the only two Bills to come to us from the other House before His Excellency arrives to give the Royal Assent are the Central Mortgage Bank Bill and the Supply Bill. The Central Mortgage Bank Bill is now being discussed in the other House, where it has reached the third reading stage; so we may have it within an hour. I would suggest that when it reaches us and receives the first reading we take up the second read-

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ing, if that meets with the approval of the Senate, and then decide whether to refer it to Committee of the Whole or the Committee on Banking and Commerce. In the meantime we might adjourn during pleasure and think the matter over.

Right Hon. ARTHUR MEIGHEN: Honourable members, in view of the great probability of both Houses seeking early prorogation, it occurs to me that time might be saved if, even before it reaches us, I were to take this occasion to advance a little our consideration of the Central Mortgage Bank Bill.

I have spent the entire day studying this Bill. Since its introduction in the House of Commons it has been rewritten, the rewriting consisting largely in alteration and much more careful wording of section 16.

Hon. Mr. DANDURAND: My right honourable friend has a copy of that before him?

Right Hon. Mr. MEIGHEN: Yes, I have it all here.

Assuming that we are to prorogue to-morrow, I feel worried, to use a common expression, about this Bill coming to us at this time. I am not complaining of the consideration given to it in the other House. There it has received very lengthy consideration in committee and manifestly has been scrutinized pretty carefully from the point of view of draftsmanship and general structure; but it is peculiarly a measure to which a committee of our House should give much time and very close attention. I should feel better throughout the summer if I knew we had tried to do a real job in connection with this Bill.

In reading and studying the Bill one cannot but be impressed by the consideration that if there ever was a measure respecting which legal supervision should be careful, this is one. The work should be thoroughly and well done. I am not going to take occasion to discuss the principle or the general plan of this legislation, but I would say that unless the constitutional structure is carefully safeguarded, and the framing and phrasing of every clause very carefully executed, there will be innumerable pitfalls for those administering the measure.

This Bill, as I have said, comes peculiarly within the functions of the Senate, and even though some honourable members may deplore any proposal which might prolong our deliberations, I suggest to the leader of the Government that we should be true to our plain duty if we were to deal with this measure hurriedly and carelessly in the dying hours of the session. So important a Bill should not come to us at this time. Often we have

heard the complaint that something had reached us at the eleventh hour, but I may say that very little which has come to us so late has been of such far-reaching consequence as this measure. Here is legislation which throws the arms of the Government around virtually the whole loan and mortgage structure of Canada, amounting to billions of dollars, and, in my judgment, opens the way to assumption by the Dominion of responsibility for the mortgage debts of the country. The measure, on its face, involves an authorized liability, not of \$200,000,000, but of \$400,000,000. It provides for incorporation of a so-called bank—it is really not a bank—with an authorized capital of \$200,000,000, to be subscribed by the Dominion, and an authorized debenture issue of \$200,000,000 more, to be guaranteed by the Dominion. There at once we envisage a \$400,000,000 outlay by this debt-oppressed and harassed country.

Hon. Mr. DANDURAND: The second mentioned \$200,000,000 would be guaranteed by live assets.

Right Hon. Mr. MEIGHEN: And therefore, in the words of a beloved colleague of ours, the incurring of the obligation would be very easy. All we need do is put our name on the back of a note. This country's guarantees are just as much part of its debt as is any other liability. The difference is only a matter of words. When we proclaim that the amount of our debt is so much, we perhaps deceive ourselves and certainly deceive others, but we do not alter the fact that our debts have to be added to, not in hundreds of millions, but in billions, by our guarantees.

There is not a little to be said for the general scheme of the method proposed in this Bill for reducing interest on farm loans. I said I was not going to discuss the principle, but I will venture to violate that undertaking to this extent. I very much question application of the principle to loans on city and town houses. A wholly different circumstance prevails in relation to farm loans. A farm is a parcel of land out of which the occupant makes his living: it is his business premises. A house is different: that is something in which a man lives; it is one of his assets; but he makes no living out of it. Further, necessity for attacking the farm loan situation has no relation to any corresponding necessity for attacking the house loan situation. Why is the farm loan situation regarded as emergent? Because, through low prices, drought and other natural visitations—but chiefly drought—the farmer's loans are in many cases greater than the value of his land. That development has come about through

no fault of his own, and the national interest is tied up with enabling him, if he is a fairly good man, to continue on his land. But the average householder has been afflicted by no natural or special economic visitation.

Hon. Mr. DANDURAND: I differ with my right honourable friend.

Right Hon. Mr. MEIGHEN: I do not know what natural visitation there has been. Grasshoppers do not hurt a householder, nor does drought.

Hon. Mr. DANDURAND: There are other things.

Right Hon. Mr. MEIGHEN: There are some things, certainly. I may be living in a house beyond my means and have it mortgaged for more than its possible sale price; but that does not warrant my coming to the Government and saying, "You share half the loss and let the loan company share the other half, in reducing my mortgage to 80 per cent of the value of the house." The State should not be called upon to concern itself about my financial position. I may have other assets than that house, but even if I do not own another dollar it cannot be said that there has been any special economic condition which has placed me, as distinct from others, in peculiarly unfortunate circumstances. The householder's position may be difficult; I do not say it is not. The position of all sorts and conditions of men is difficult, but the householder's lot has not been particularly burdensome. From my way of looking at it, nothing at all has occurred that would seem to warrant the Government in giving special help to a man in a city or country town who is carrying a heavy burden in respect of a house property. I say, let him look after himself.

The farm situation is different, and as a scheme for generally helping the farmer's mortgage and interest situation, there is something to be said for this Bill. I would not stand in the way of its passing, if only that part of our population were to be assisted. In my opinion the State as a whole must recognize that peculiar burdens have fallen upon the farmer in the way of extraordinary economic misfortunes, and, principally, natural visitations. But that the State should go beyond that passes my comprehension, and I cannot defend it.

Looking at the Bill as a means of giving assistance to farmers, I question very much the justification for delegating to the Governor in Council the making of a whole series of very important definitions, as is done in, I think, the second last section. It is all right to delegate to the Governor in Council, or to a board with the approval of the Gov-

ernor in Council, power to make regulations to carry out the general effect of a measure. In that case there are clearly prescribed limitations to the authority of the Governor in Council. He cannot in any way overstep the terms of the statute; he cannot stretch it nor contract it. But he could if he were given power to make definitions; indeed he could virtually repeal the Act. The reason why this power has been delegated to the Governor in Council, I surmise, is this. The Bill has been drafted more or less hurriedly, and the making of these definitions is so very important that there was a disinclination to incur responsibility for having them correct.

Hon. Mr. DANDURAND: What section?

Right Hon. Mr. MEIGHEN: I was right; it is the second last section, 31.

For instance, the Governor in Council is to have power by regulation to declare what an agreement for sale is. I should not think it likely that he would go very far beyond a sound definition, but the intended definition should be set out in the Bill. Then he can define what is meant by "amount owing on the mortgage account." He should not have such power. That would enable him to say that the amount owing shall or shall not include all manner of things. If we intend that certain things shall or shall not be included, we ought to say so specifically, and not leave this to be defined later.

Further, the Governor in Council may declare by definition what the arrears of interest are, what the effective rate of interest is, and what a farm is. Why, he might define an eight-by-ten potato patch to be a farm, and that would be valid if we passed this measure. Then he may define what a grain-growing farm is. Imagine what might be done there! I am not anticipating that the Governor in Council would go to any extreme, but it is wrong in principle to delegate such important powers. Under them he would be able to defeat the whole purpose of the measure, or to expand it into dimensions which were never contemplated by this House.

Hon. Mr. CALDER: And I suppose those definitions could be changed.

Right Hon. Mr. MEIGHEN: Yes, and the legislation itself would be changed thereby.

Among other things that the Governor in Council may define are "mortgage" and "non-farm home." Ordinarily, "non-farm home" would be understood as meaning a city or town home.

It seems to me that we ought to take time here to define all these things ourselves. We should have no trouble at all in defining

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them in a manner acceptable to those persons sponsoring the measure.

I also question the nomenclature. A mortgage, loan, trust or insurance company may enter into an agreement with the Central Mortgage Bank, to be constituted, and if it does, and such agreement contains a whole string of clauses, which are set out in section 16, then upon execution and delivery of that agreement the mortgage, loan, trust or insurance company, as the case may be, becomes a member company. My first query is—and I venture to say no senator can answer it—a member of what?

Hon. Mr. DANDURAND: A member of the organization.

Right Hon. Mr. MEIGHEN: Of what organization?

Hon. Mr. DANDURAND: The Bank.

Right Hon. Mr. MEIGHEN: The Bank? No. It is called a member company, and one supposes that a member must be a member of something. Now, nobody can tell me what any such company would be a member of.

Hon. Mr. DANDURAND: That is defined.

Right Hon. Mr. MEIGHEN: No, it is not. There is nothing to say what such a company would be a member of. The title seems to me inappropriate—

Hon. Mr. DANDURAND: We all know what it means.

Right Hon. Mr. MEIGHEN: Yes, I suppose. But it is better that words should be meant to convey their ordinary meaning.

I also think—these points have been suggested in a memorandum by our Parliamentary Counsel—that "membership agreement" should be defined. There need be no difficulty about defining it, if we are able to get a definition of "member company."

Hon. Mr. CALDER: An associated company.

Right Hon. Mr. MEIGHEN: Yes; that, it seems to me, would be an admirable term. A company might be an associate of the Bank, but not a member.

Hon. Mr. DANDURAND: I was trying to find a synonym.

Right Hon. Mr. MEIGHEN: The correct synonym has just been suggested by the honourable senator from Saltcoats (Hon. Mr. Calder). It had not occurred to me at all.

The general scheme provides that the term of a new mortgage, or of an old adjusted mortgage held by a member company, shall be adjusted so as to run for twenty years from

a date not later than the date on which the instrument effecting adjustment of the mortgage is executed. Those words "not later than" are significant. A mortgage might be dated nineteen years before and be due in a year. The point is more or less technical, but it is not without some importance.

The last few lines of paragraph (m) of redrafted clause 16 seem to me to be out of order. After providing that the member company will permit its books to be inspected, give such explanations and additional information as may be requested, and make such reports to the Central Mortgage Bank as the latter may require, the paragraph concludes:

—and any such report may be required by the Central Mortgage Bank to be certified by the proper officer of the member company.

This does not fit into the wording of an agreement. It should, I think, be reworded somewhat like this:

and that it (the member company) will provide, if required by the Central Mortgage Bank, such certificate of its proper officer as the said Central Mortgage Bank may demand.

It is merely a matter of wording.

I would direct attention to another point. The new clause 16 empowers member companies to enter into these contractual obligations with the Central Bank. The Dominion cannot so empower provincially incorporated companies unless by the terms of their charter-powers such capacity is specified or implied.

I should like honourable members to give special thought to paragraph (n) of clause 16. This, to my mind, is the most desirable feature of the Bill—

Hon. Mr. HAIG: Hear, hear.

Right Hon. Mr. MEIGHEN:—in that it tends to eliminate most deleterious and disastrous repudiation legislation of a province.

Hon. Mr. PARENT: Is that aimed at a particular province?

Right Hon. Mr. MEIGHEN: Oh, no; it treats all alike. But it seeks to get rid of restraint on enterprise and other shackles placed on the relationship of debtors and creditors by various provincial enactments—and I might add, if the honourable members from Prince Edward Island were present, by our own Farmers' Creditors Arrangement Act. That is a very desirable feature. This Bill provides that a mortgage, loan, trust or insurance company may, by making an agreement in certain terms with the Central Mortgage Bank, become a member company. By virtue of its becoming a member company it is obliged at once to cancel all but two

years' arrears of interest in respect of its farm mortgages, and I think also in respect of its non-farm mortgages.

Hon. Mr. HAIG: Yes, both.

Right Hon. Mr. MEIGHEN: It must also reduce the total amount owing on principal and interest account, consolidating it as principal only, to 80 per cent of the then valuation of its security, farm or house, and on new money obtained from the Central Mortgage Bank it must not charge more than a certain rate of interest. However, these obligations upon the member company do not apply to mortgages or future operations in any province which the Central Bank defines as afflicted with legislation of the character I have just described; nor will they ever apply if after two years that province fails to repeal the objectionable legislation. If within two years such legislation is repealed, then all these obligations become binding in that as well as in the other provinces. We will presume that the province has repealed its legislation; then the ban or, if you will, the exclusion, is lifted, and all goes well. But suppose that a year later the province once more ties up the relationship of debtor and creditor and reduces interest. Where then is the Central Mortgage Bank? What happens at that point? "Oh," you say, "then we shall put the ban on again." Ah! but what about mortgages already in force?

Hon. Mr. HAIG: It was answered in committee that the power of disallowance would be used.

Right Hon. Mr. MEIGHEN: I presume that is about all that could be done. Otherwise you would throw yourselves right into the arms of the recalcitrant province.

Hon. Mr. BUCHANAN: Repeal would not be forced on the province. The province would accept it voluntarily.

Right Hon. Mr. MEIGHEN: But the point is this. Because of the repeal, companies have in that province reduced their mortgage interest to 5 per cent, they have cut down the principal and interest arrears to 80 per cent of the value of the security. All that is done. The companies' rights are limited and can never be restored to their original status. They have made those adjustments because of certain advantages they get from the Dominion. We will say that one or two years afterwards the province again interferes with those companies.

Hon. Mr. BUCHANAN: But supposing a province does that, will not the companies from past experience refrain from going in there and making adjustments?

Right Hon. Mr. MEIGHEN: They will afterwards; but if the ban is lifted the adjustments are made automatically. We will say the Act does not apply to Alberta at present, because the Central Mortgage Bank certifies that the province has legislation which makes the Act inapplicable. Suppose the province repeals that legislation. The moment the bank certifies it is repealed, all the member companies' mortgages in that province are adjusted under the terms of this Act. It would be incredibly unjust if, after all this is done and the price paid, the province were to be allowed to go through the antics which Alberta has gone through in the last few years.

Probably I have taken as much time as I can usefully employ on this subject.

Hon. Mr. DANDURAND: No. Go on.

Right Hon. Mr. MEIGHEN: I suggest that in paragraph (s) of clause 16 the word "lawful" should be placed as a qualifying adjective before the word "charges," about the middle of the paragraph.

Hon. Mr. HAIG: That is in line 9 on page 9.

Right Hon. Mr. MEIGHEN: I have not the printed Bill before me.

The clause to which I referred as purporting to add to the powers of member companies, including companies provincially incorporated, is No. 21:

Any mortgage, loan, trust or insurance company may enter into a membership agreement under the provisions of this Act notwithstanding anything contained in any law or statute in relation to any matter within the jurisdiction of the Parliament of Canada.

This, I submit, does not empower a provincial company to enter into such agreement unless it is already so empowered by the terms of its charter or by provincial law.

A slight revision of clause 20 is necessary. As varying rates of interest are clearly anticipated by the general scheme of the measure, "rate" in the second line should be followed by the words, "or rates."

I have no justification for going over similar details at greater length. I ask that particular attention be paid to the major considerations which I dealt with first.

Hon. Mr. BUCHANAN: My right honourable friend (Right Hon. Mr. Meighen) made a distinction between urban and farm loans. It is obvious why assistance should be given to

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farmers who have suffered from drought and grasshoppers and other pests. But would not crop failures also affect property values in cities and towns adjacent to the stricken area?

Right Hon. Mr. MEIGHEN: They would be affected indirectly to some extent. But, then, why should not everybody in this country seek to help everybody else? In that case you do not help anybody.

Hon. Mr. DANDURAND: But we are discussing mortgages.

Right Hon. Mr. MEIGHEN: Very good. The fellow who happens to have his debt in the form of a mortgage on a house which has depreciated in value is not one whit more unfortunate or deserving of assistance than the fellow who owes the bank more than he can pay. If I have a mortgage for more than the security is worth, because I want to "keep up with the Joneses" in a house I should not live in, am I to be specially helped more than my brother who owes the bank \$15,000 and whose securities have dwindled to the value of \$10,000? Why do the Government not intervene and reduce the bank debt to the value of the securities and take 20 per cent off that value?

Hon. Mr. DANDURAND: That is not a comparable case. This Bill deals with the average small owner, with a city house valued at \$7,000 or less, or a double house worth \$12,000. It does not affect the large owner.

Right Hon. Mr. MEIGHEN: Suppose I owe the bank \$7,000, and have security for only \$3,000?

Hon. Mr. PARENT: The same principle.

Right Hon. Mr. MEIGHEN: Then I should be helped in similar proportion; or if I owe two banks I ought to be helped to the extent of about \$10,000. You cannot distinguish.

Hon. Mr. DANDURAND: If my right honourable friend will bear with me for a moment, we can decide as to what this Chamber should do.

The Bill which my right honourable friend is discussing is at our doors. The House of Commons has adjourned until 3 o'clock tomorrow afternoon. I suggest we dispense with general discussion on the motion for second reading and at once refer the Bill to the Committee on Banking and Commerce. I will try to secure Hon. Mr. Dunning's attendance. In any event, Dr. Clark and his assistant will be present. As we have the advantage of the discussion in committee of the other House, we could in our committee

deal with the Bill from 6 to 11 p.m., and again to-morrow, in order that then we might report it to the Senate and try to pass it in time for prorogation to-morrow night.

I agree with my right honourable friend that if we deem it necessary we should devote two or three more days to consideration of this Bill. I shall be prepared to come back here on Monday and Tuesday.

I suggest that senators who are not members of the Banking and Commerce Committee should attend our meetings and take part as if we were in Committee of the Whole, so that we may all have first-hand information concerning the Bill and make any amendments we may consider necessary.

My impression is that we can perhaps meet the apparent desire of the House of Commons, which has adjourned until to-morrow in the hope that in the interval we may be able to dispose of the Bill. I must assume some responsibility for having created that hope in the minds of my honourable friends of the other House by imparting the information that my right honourable friend and I thought the Senate could, by sitting from now until to-morrow evening, do its duty to the country and give the Bill full consideration. If we cannot conclude our work in that time, we shall have to adjourn until next week.

Right Hon. Mr. MEIGHEN: All right.

Hon. Mr. DANDURAND: I should like to say a word as to what I believe to be one of the essential features of this Bill—and here I take issue with my right honourable friend. I think we should look kindly at a Bill which comes to the rescue of our farming communities, more especially those of the three Western Provinces. I draw his attention to the fact that he, as a member of the late Government, gave them the advantage of the Farmers' Creditors Arrangement Act. By virtue of that legislation thousands of cases have been adjusted. Now we are trying to treat the question of farmers' loans in a broad way in an effort to clean up the situation generally. I would ask my right honourable friend to bear in mind that tens of thousands of urban owners have been hard hit during the last few years because real estate values have depreciated by 50 per cent.

Right Hon. Mr. MEIGHEN: Owing to the taxes.

Hon. Mr. DANDURAND: Yes, owing to taxes. My right honourable friend has said they have no grasshoppers. That is true; but they have municipal and provincial taxes on real estate. Many a man who has put the earnings of the best years of his life into a couple of houses, in order that he might occupy one as a home and, in his old age,

might derive an income from the rental of the other, has had to accept as tenant a man who has saved nothing at all and is on the dole. The owner has found that the very reason which has compelled him to accept a low rental has also increased his taxation. Does my right honourable friend think the country as a whole is prepared to assume the load of one section of the country without doing something for the others?

Right Hon. Mr. MEIGHEN: My goodness! you are covering only part of them yet.

Hon. Mr. DANDURAND: We shall discuss that in committee, where I hope to have the Minister of Finance present. At present he is not in very good health, but I shall ask him if he will not come to assist us. We shall then see if we can dispose of the Bill between now and to-morrow evening.

CENTRAL MORTGAGE BANK BILL

FIRST READING

A message was received from the House of Commons with Bill 132, an Act to incorporate the Central Mortgage Bank.

The Bill was read the first time.

SECOND READING

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

Hon. Mr. DANDURAND: With the leave of the House, I would move the second reading now.

The Hon. the SPEAKER: Is it the pleasure of the House to adopt the motion?

Hon. Mr. HAIG: Honourable members, I have not the honour of being a member of the Committee on Banking and Commerce, and when the Bill reaches that committee I shall be unable to make a motion.

Hon. Mr. DANDURAND: We will grant you all the privileges of a member of the committee.

Hon. Mr. PARENT: Give you a free hand.

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

REFERRED TO COMMITTEE

Hon. Mr. DANDURAND: I move that this Bill be referred to the Standing Committee on Banking and Commerce, and I suggest that we meet in that committee immediately after the adjournment of the Senate.

Hon. Mr. CALDER: Everyone?

Hon. Mr. DANDURAND: Everyone.

The motion was agreed to.

APPROPRIATION BILL No. 3

FIRST READING

A message was received from the House of Commons with Bill 146, an Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1940.

The Bill was read the first time.

SECOND READING

Hon. **RAOUL DANDURAND** moved the second reading of the Bill.

He said: Honourable senators, we have already passed two Supply Bills, each for one-sixth of the total amount of supply; therefore, if we are familiar with our multiplication table, we know what this Bill means. I need not go into the details nor read the schedules.

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

THIRD READING POSTPONED

Hon. **Mr. DANDURAND**: With the leave of the Senate I would move the third reading of this Bill.

Right Hon. **Mr. MEIGHEN**: I think it had better stand until to-morrow.

Hon. **Mr. DANDURAND**: Very well; third reading to-morrow.

ADJOURNMENT OF THE SENATE—
COMMITTEE ON BANKING
AND COMMERCE

Hon. **Mr. DANDURAND**: Honourable senators, on the assumption that we shall try to dispose of the Central Mortgage Bank Bill in the Committee on Banking and Commerce, I was going to suggest that the Senate meet to-morrow morning at eleven, or, if it is thought desirable, at three o'clock in the afternoon.

Right Hon. **Mr. MEIGHEN**: We had better take all the time we can.

Hon. **Mr. DANDURAND**: Then I move that when the Senate adjourns to-day it stand adjourned until to-morrow afternoon at three o'clock.

I would notify honourable members that the Committee on Banking and Commerce will sit immediately, and that all members of the House will, to all intents and purposes, be members of that committee.

The motion was agreed to.

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

Hon. **Mr. DANDURAND**.

THE SENATE

Saturday, June 3, 1939.

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

Prayers and routine proceedings.

CENTRAL MORTGAGE BANK 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 132, an Act to incorporate the Central Mortgage Bank.

He said: Honourable senators, the committee have considered this Bill and report it with certain amendments.

Hon. **Mr. DANDURAND**: Instead of these amendments being read at the Table, perhaps my honourable friend could explain them. Some of them are of little consequence, but others are more important.

Hon. **Mr. BLACK**: The first amendment is: on page 5, line 28, for "1939" substitute "1938." This has to do with sub-paragraph (i) of paragraph (a) of section 16 (1), which provides that the member company will adjust all its farm mortgages held at the date of the membership agreement and entered into before the first day of January, 1939. Some members of the committee felt that mortgages which were made or readjusted at a lower rate of interest during 1938, when cheaper money was available, should not be brought under the provisions of this measure.

The next two amendments are merely clerical, and I do not think it is necessary for me to go into them.

The next amendment of importance is on page 10, lines 1 to 4, inclusive, to leave out "together with such other provisions as the Governor in Council deems necessary to give effect to the provisions of this Act according to their true intent, meaning and spirit." In the committee there was no objection by those representing the Minister to deletion of that clause.

Then, on page 10, line 13, the following is inserted as a new subsection of section 16:

Each membership agreement shall also contain such other provisions as the Governor in Council deems necessary to give effect to the provisions of this Act according to their true intent, meaning and spirit.

Those who are familiar with the Bill will understand the purport of that amendment, but to others it will not mean very much.

The next amendment is to add at the end of section 19, on page 11 of the Bill, line 24, the following words:

except in cases where the debtor has refused to agree to the adjustment of the mortgage or where any other person, whose consent to the adjustment is necessary, has refused to consent.

Unless some honourable senator desires me to read the whole paragraph—and without the whole paragraph the amendment does not mean much—I will dispense.

These, honourable members, are the main amendments made by the committee.

Right Hon. ARTHUR MEIGHEN: Honourable members, the amendments are relatively unimportant and I do not intend to launch a debate upon them, but on the motion for third reading I shall make some comments and move an amendment.

Hon. RAOUL DANDURAND: I may say that when these amendments reach the other House one may be regarded as controversial. It is the amendment to sub-paragraph (i) of paragraph (a) of subsection 1 of section 16, changing the date for readjustment of farm mortgages from January 1, 1939, to January 1, 1938. By this amendment any loans effected after January 1, 1938, would not come under the operation of the Bill.

Hon. JOHN T. HAIG: As honourable senators know, under this Bill mortgages are classified as farm and non-farm. The amendment to which the honourable leader of the House (Hon. Mr. Dandurand) has just referred does not affect the date for adjustment of non-farm mortgages, which is January 1, 1936, but farm mortgages or agreements for sale made after January 1, 1938, will not be adjusted.

Hon. Mr. SHARPE: Why not leave the date as originally fixed, 1939?

Hon. Mr. HAIG: Any farm loans of importance after January 1, 1938, were made by the Canada Farm Loan Board. There has been very little company loaning at all.

Hon. Mr. SHARPE: But there would be a number of renewals.

Hon. Mr. HAIG: They are not affected at all. It is new mortgages or agreements for sale made by the company which are really affected. In Manitoba especially, and also in some of the other provinces, the companies in 1938 sold some land under agreements for sale. Those cannot be reviewed if this amendment is adopted. I thought that it was unimportant and that the House of Commons would raise no objection to it, as they might have bigger matters to consider.

The motion was agreed to.

MOTION FOR THIRD READING—BILL
REFERRED BACK TO COMMITTEE

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

Right Hon. ARTHUR MEIGHEN: Honourable members, since I entered into some premature discussion of this measure yesterday our Committee on Banking and Commerce has had two sessions, one until late yesterday afternoon and the other from early morning until noon to-day. We have had the advantage of having before us the Hon. Minister of Finance and as well Dr. Clark, Deputy Minister of Finance, and we have heard also certain opinions expressed by others. All this has not resulted in altering my attitude towards the Bill.

Hon. Mr. DANDURAND: My right honourable friend is very headstrong.

Right Hon. Mr. MEIGHEN: I would there were others like minded.

Some Hon. SENATORS: Oh, oh.

Right Hon. Mr. MEIGHEN: Debt has apparently ceased to have any dread for representatives of the people. I can well recall when it was regarded as the duty of public officials and public men to exercise the same homely virtues which have contributed, and have alone contributed, to the success of the citizen in a free country; but that disposition has faded and faded as debt has multiplied. As the impossibility of servicing becomes more obvious, debt ceases to have any terrors at all. So we push on and on, forgetting that there is an abyss, forgetful of the very plain truth, many times driven home through the pages of history, that these things mean just the same to the nation as to the individual. The nation has to pay, whether in the purging fires of bankruptcy or in some other way, just as the individual pays for living beyond his means and following courses which are financially unsound.

Debt beyond our ability to service, and at the same time permit the free play and onward march of enterprise, means the end of the economic State. We are not servicing our debt to-day; we are just borrowing more to pay our yearly deficits. The reason we borrow, and borrow easily, is that strictures upon enterprise are now such that people are afraid to place their money elsewhere, and timidly rush to the Government with their savings, hoping they may be secure in the Government's hands. And all this goes on at the expense of the unfortunate. I would the House could see that it is always at the cost of poorer people. False policy must

always fall on them first. The precipitation of unemployment at the bottom of the test-tube of our country is just a result of what we are doing. It is the by-product of it all.

I venture to state that in this measure we are making the wildest plunge yet—\$200,000,000 of debentures guaranteed, \$200,000,000 of advances, in order to take off the backs of certain of our people and corporations the penalties of bad judgment or of the ordinary misfortunes of life. If the Bill were entitled "An Act to relieve certain persons and companies from the vicissitudes of this world," it would be properly named. This it does, and no more: it relieves them at the expense of the State, and by a huge addition to the deficit, which addition also must be serviced, because once we cease to service it we are over the precipice and in the abyss; and the cost of servicing means additions to burdens on industry, and therefore to the army of unemployed, who must go out of work because industry is not vigorous and vital and able to give them jobs.

When we become familiar with anything very vicious, be it debt or any other sin, lineaments that once carried with them bad memories and warnings seem to become attractive, and we first endure, then pity, then embrace.

We heard this morning from the Deputy Minister of Finance a statement that what was needed was something to encourage people now distressed by debt; that while creditors and debtors had met—and they have met by thousands—and had composed their obligations, reducing them to practical figures which could be taken care of, and while our ill-fated Farmers' Creditors Arrangement Act had added very considerably to these numbers, though its results never more than fractionally compared with the numbers of those who looked after their own business, there was still a body of people owning properties on which they owed more money than those properties were worth. Consequently, he said, the economic machine was operating at only 60 per cent efficiency. Dear me! If this is so, the machine has never operated in any other way, and never can. As long as the world lasts there will be excess debts on securities. To say it is the business of Government to look around the nation to find somebody who has been too optimistic and has too much debt, or somebody who, though exercising reasonably good judgment, has been unfortunate and in consequence owes more than he can take care of—to say it is the business of the State to look over the whole area and select such people and put the credit of the State behind them and see them through, is to enunciate a prin-

ciple which I say cannot possibly be vindicated, which cannot possibly operate in a free community. I do not know where anything like this has ever prevailed before, save under a dictatorship. Does anybody imagine that Herr Hitler could do as he does to-day in relation to the whole economy of Germany if that were a free country? He could not do so at all. He knew he could do as he is doing only by cutting all the strands of human liberty and taking complete personal charge. To every citizen of that country Herr Hitler says "Go," and he goeth.

I know one country which tried for a while to do as we are doing here and at the same time to maintain its freedom. It is one of the members of our own Commonwealth. I ask anybody from the Antipodes to tell me where that Commonwealth is to-day. I do not like even referring to the distress of a country analogous to our own, one of our own family, but I will make some reference to a better situation in Australia. That country saw itself rushing to the edge of a precipice, the very same one towards which we are hastening, but it stopped itself in time, and under the leadership of a real man, a forthright statesman, that country was rescued from its doom. The rescue was made, not by passage of legislation like this, not by any financial legerdemain, but by restoration of old homely virtues. That Australian statesman, by a reduction in his country's expenditures, to which reduction he made everybody contribute—civil servants, railway employees, capitalists, pensioners, and so on—got the ship of State back on an even keel. I plead with this Government not to go to such lengths, with measures like the present Bill, that our country will be in a position where it will be unable to balance itself again. We are moving towards that unfortunate position. This session we have had a whole series of measures which are heading the country in that direction. They may be popular, it is true, but if popularity is to be the final test of a measure's merits, then good-bye to democracy, good-bye to liberty. The very people who are crying out against Fascism, who are seeking to terrorize us by warning that Fascism is on the way, are day by day demanding things which can be done only under that form of government, and they are getting things which are bound to precipitate this country into dictatorship. This piece of legislation is one of those very things.

Take the case of a man who has suffered through no error of his own—who has been afflicted by special visitations. If the State underwrites the fortunes of that man and of others in his position and undertakes to produce for them what some are pleased to call

economic security, then either the State is no longer free or it is bankrupt; it lacks the very life and essence of a free state. A man in a free country must carve out economic security for himself. Besides, assistance under this Bill is not confined to the unfortunate. Help is to be given even to the improvident, the extravagant, the reckless—and in many cases even to the well-to-do.

Let us look at the effect of this measure upon agricultural communities. What benefit will accrue to the steady toiler who has kept within his means, who has owned only a small piece of land—not too large for him to work—who has learned his lesson early and stuck to his own last? No benefit. But it would be incorrect to say that the Bill has nothing for him. It has a penalty. He is to be called upon to contribute to the other fellow, who expanded beyond his means and finds himself overwhelmed with bankruptcy. However, there is something to be said, if the argument is far from convincing, for applying a measure of this kind to the agricultural community. That community, far more than the city or town, has been swept by the visitations of Providence. It has been denied the bounty of nature. And agriculture is at the basis of our whole economic structure. Something can be said for stretching generosity towards farmers, because of an ultimate and more general advantage. Even as to this class, I think we should be better to refrain. In my judgment the natural process of composition by debtor and creditor is doing the necessary work and will do it, all over this Dominion. Still, as I say, something can be said in defence of applying the measure to farmers. But I know that, even if we go so far and no farther, we shall be putting our arms in thousands of cases under the corpus of the individual who does not need any help at all; and it would not be our duty to support him, even if he did need help. What I mean is this. We shall be assisting the man who has one section of land mortgaged for twice what it is worth, but who may own three or four other sections clear. In the goodness of our hearts we shall go to him and say, "We will reduce your debt on this one section of land to 80 per cent of its value, and the State will bear half of the loss incurred in such reduction." So little do we fear debt! So little are we bound by the old principles which made great the Anglo-Saxon race!

But application of the measure to houses in towns and cities is more emphatically indefensible. A man does not make his living out of his house. True, his mortgage may be unreasonably high, but who knows what other assets he may have? He may be prosperous. The fact that he has mortgaged his home for

more than it is worth may only be evidence of his extravagance. He will continue to earn his living, regardless of the big mortgage on his home. Why should we come to the assistance of a man in that position? Measures like this are fundamentally wrong. The end of them no man can see. Would that we could know "the end of this day's business ere it come."

I do not hope—I wish I could—for the defeat of this Bill, but I do earnestly hope that we can at least strip it of its ugliest and most indefensible feature, which is the invitation to the city or town resident who has his home over-mortgaged to come to the reservoirs of the State and be rescued at the expense of his fellow-man. I intend to move to strike out all reference to towns and cities, and I sincerely hope that amendment will carry in this House. I cannot question in my own mind that it will appeal to the sober judgment of the Minister. I know he said he was opposed to it. In committee he did not tell us definitely why; his language in this respect was rather vague. Perhaps he should not have told us. The only reason why he can possibly be against such an amendment is that he needs the support of representatives of urban communities in order to get passage of a new scheme of assistance for rural debtors. If so, then it is a matter of organizing the vote behind him to get the thing through. One section of the Minister's support says, "We call upon the Government to help our rural communities, because the money comes out of the public treasury, and that means nothing." The other section says: "We will not consent to your getting anything, unless we get something too. We are just as unafraid of public debt as you are." And so the Minister of Finance is held up. I should like to see some support given to this amendment, in order to show that there is still a body of opinion in Canada which clings to old principles, which feels that debt has the same meaning for the nation as for the individual. Therefore I move, seconded by the honourable gentleman from Saltcoats (Hon. Mr. Calder):

That the said Bill be not now read a third time, but that it be referred back to the Standing Committee on Banking and Commerce, with instructions to amend same as follows: By such striking out of provisions of the Bill as will reduce its application to farm mortgages and farm agreements for sale.

Hon. RAOUL DANDURAND: Honourable senators, I am somewhat disappointed that my right honourable friend (Right Hon. Mr. Meighen) has deemed it proper to move at this late hour that the Bill be referred back

to the Banking and Commerce Committee, instead of presenting his amendment in textual form on the motion for third reading, in the usual way. It seems to me that he might obtain the same result by testing the opinion of both Houses on any amendment he might move. If we return to the committee we shall have to overhaul the Bill in order to give effect to his motion.

Right Hon. Mr. MEIGHEN: That will not take long.

Hon. Mr. DANDURAND: I should like to ask my right honourable friend if he has given any thought to my suggestion that his textual amendment be moved now.

Right Hon. Mr. MEIGHEN: Preparation of it would have taken more time than I had in the noon hour. It is not altogether easy to secure the object which the honourable senator from Winnipeg South-Centre (Hon. Mr. Haig) had in view.

Hon. Mr. DANDURAND: I should have to divide the House on this motion. Its intent is apparent: that the Bill be limited to revision of farm mortgages. My right honourable friend has waxed eloquent, as usual, over the state of our finances and the load being borne by our taxpayers. I would point out, however, that although he introduced here the Farmers' Creditors Arrangement Act, which I have no doubt has resulted in some cost to various parties, he apparently feels that something more might be done to aid our agriculturists, since he favours passage of that portion of the Bill applying to them. I would also remind my right honourable friend that the Dominion Mortgage and Investment Association, composed of fifty-one companies, have made loans totalling \$200,000,000 on farm mortgages. To the adjustment of these loans, which are to be reviewed, he has no objection, since he does not attack the Bill in that particular.

Right Hon. Mr. MEIGHEN: I have objection to the whole Bill, but I am more hopeful of getting it amended than defeated.

Hon. Mr. DANDURAND: Yes, but it is with his co-operation that that part of the Bill will become law.

Right Hon. Mr. MEIGHEN: Yes, perhaps it will.

Hon. Mr. DANDURAND: The Dominion Mortgage and Investment Association have loaned \$380,000,000 on urban mortgages. Of this total they estimate that about \$130,000,000 represents loans not exceeding \$7,000 each, which are subject to adjustment under this Bill. The balance of \$250,000,000 covers urban

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loans each in excess of \$7,000, for which the Dominion assumes no liability. The Dominion's capital contribution towards revision of loans of \$7,000 and under will be relatively small. The main contribution will be its share of arrears of interest, which may be up to 50 per cent. The companies will bear the whole loss of reduction of interest to 5½ per cent.

It will be seen that the amount which the treasury will be called upon to contribute in relation to mortgages on urban property is limited to adjustments of mortgages comprised in the \$130,000,000. My right honourable friend says there is no need for this contribution. I draw his attention to the fact that in urban centres—and I know some of them—there are thousands of persons of modest means who by thrift and good management have saved a few thousand dollars, which they have invested in single-family houses for their own accommodation, or in two-family homes. In the latter case, of course, they derive income from their property. Many of these householders are in dire distress, for their rentals have decreased and their taxes increased.

We should not overlook the fact that the help given to the farming communities of the West is borne by the Dominion generally. Those in distress in the East, from the Great Lakes down to the Atlantic, ask that they be taken care of to the same extent as the farming community. They are taxpayers and feel the pinch of the depression, and, fearing loss of their property, they ask that their case be considered.

My right honourable friend says, "The Commoners are interested in being returned to Parliament when the electorate is consulted." Undoubtedly this is the situation in a democratic country. Members of the House of Commons know the needs of their people, and they feel that it is just and equitable that those needs be attended to by a plan applicable to the country generally.

In times of distress there is an inclination on the part of the people to complain that their particular province is not receiving fair treatment from the federal authorities. I contend that this proposed legislation makes for greater national unity, because we are laying down a principle which will apply both to the East and the West. I am convinced that my right honourable friend is advocating a policy which would tend to maintain what is not a healthy state of things for this country. Our people are scattered over a comparatively narrow strip of land extending from the Atlantic to the Pacific. Each province is apt to compare its needs with the needs of neighbouring provinces, and to feel that it is carrying too heavy a load. I do not think

my right honourable friend will say that this is a cheap demagogic appeal when I remind him that some of our provincial premiers have raised the cry that the East is carrying the West.

Honourable members will, I think, find in this Bill a fair distribution of paternalism, if you will, but paternalism applied in the hope of re-establishing a healthier state of affairs. We in this Chamber recall how my right honourable friend described the difficulties of the farming community when he presented to us and endorsed the Farmers' Creditors Arrangement Act. We all sympathized with the situation which he pictured, and said "Amen" as we passed the Bill. He has since repented, saying "Mea culpa, mea culpa, mea maxima culpa."

Right Hon. Mr. MEIGHEN: Hear, hear.

Hon. Mr. DANDURAND: We voted millions of dollars to assist drought-stricken areas of the Western Provinces, and we did it gladly. The purpose of this Bill is to re-establish a healthier condition in the body politic, and give practical expression to our sympathy for the distress of our people throughout the whole country.

But my right honourable friend says, "We will cut off any help to urban property-owners, and restrict the operation of the Bill to farmers." I do not believe that that attitude will appeal to the country at large. I have mentioned that tens of thousands of our citizens in urban centres in the East and the West stand, like their near neighbours the farmers, with their backs against the wall, and are facing the danger of losing their property. Are we to tell them coolly that they must be satisfied with their plight, and that whatever remains of the taxes to which they have contributed shall be used to help another section of the community? That section can have no objection to this Bill. The whole of Canada's financial power has been used to assist the various provinces. Now, by this measure, a deserving part of the community in the Eastern provinces may be helped to a certain extent.

I would ask my right honourable friend not to insist upon his amendment, because it cuts our country in two as between East and West. It gives colour to the cry which we have heard during the last few years that the East is carrying the whole burden for the West. I would ask that the arguments we have advanced against that cry be not weakened by any apparently egotistical action on the part of the Senate—action which would be tantamount to saying to the East, "Your function is to carry the load of the West, and

we have nothing for you in the way of honest, equitable compensation."

Hon. JOHN T. HAIG: Honourable members, I am persuaded that the conditions depicted by the right honourable leader of the opposition (Right Hon. Mr. Meighen) will be brought about by the enactment of this proposed legislation. I hope the Bill will do what the honourable leader of the Government has suggested, but I fear he is mistaken. In my opinion it will benefit but two classes—the farming community, mostly farmers in the three Prairie Provinces, and the loan, trust and life insurance companies. I know the loan, trust and life insurance companies will say that I am wrong and that if this legislation had never been introduced they would have been entirely satisfied. I cannot see that the Bill will benefit Ontario, except in a few isolated mining areas where the mines have been worked out and houses have become virtually of no value. There the loan companies may get something out of their mortgages. I think the same remarks apply to Quebec. I believe 5 per cent is a fair rate in that province. Certainly Canadian farm loans are being made at a lower rate in all the provinces. I think the Maritime Provinces will benefit to about the same degree. British Columbia will be very little benefited. I candidly admit that there will be some benefit in this Bill for the farmers of Western Canada, especially those in southern Saskatchewan and southern Alberta. By and large, it will help to loosen up frozen assets in the hands of the mortgage, trust and life insurance companies.

My original suggestion to the committee was that farm mortgages should be placed in one category and non-farm mortgages in another, and that the companies applying for an agreement should have the option of asking that it cover both or only one, as they saw fit.

The restrictive legislation in all provinces but one bears very heavily on mortgagors. Let me cite my own province as an illustration, though we were told by the Deputy Minister of Finance and by the Minister himself that similar conditions prevail in all provinces except one. In Manitoba we have a Debt Adjustment Act which allows no proceedings to be taken on any mortgage or agreement for sale without the consent of a board. This applies only to mortgages and agreements for sale made prior to March 31, 1931. Now, this Bill provides that the mortgage companies which enter into the agreement will not have to adjust their mortgages in Manitoba unless the provincial Act respecting mortgages is repealed.

Hon. Mr. DANDURAND: This Bill covers all the provinces.

Hon. Mr. HAIG: I said I would use Manitoba as an illustration. The Minister of Finance said the same law applied to eight provinces. I do not know which province is excepted. Probably it is Prince Edward Island.

Before the mortgages of farmers or townspeople in Manitoba who come under this Bill could be adjusted, that province would have to repeal its legislation in so far as it applies to these mortgages. That is a distinct advantage. True, this measure does not provide for all, as I think it should have done; but it goes some of the way.

I want to say candidly that I cannot vote for the amendment moved by the right honourable leader of the opposition, for I really think this legislation should include non-farm mortgages. Furthermore, I think the companies should be allowed to choose whether they will come in as respects country loans only, city loans only, or both.

Remember, this legislation does not affect the individual mortgagee at all. Many house properties have second and sometimes third mortgages on them. These mortgages are not touched. I know that many people in Winnipeg who hold second or even third mortgages will be delighted with this Bill, for while the owner will not get any advantage, the second or third mortgagee will.

Right Hon. Mr. MEIGHEN: Is it not a fact that nearly all the farmers who are in the worst position have second or third mortgages on their farms?

Hon. Mr. HAIG: I think they have.

Right Hon. Mr. MEIGHEN: They cannot be helped.

Hon. Mr. HAIG: I can see that political advantage may be gained by this measure until such time as the people test it out; then, I think, the advantage will be all the other way.

There is much to be said for the statement of the Deputy Minister that we have to start somewhere in order to put a stop to provincial legislation that prohibits the taking of action for the collection of debt. I know the right honourable gentleman (Right Hon. Mr. Meighen) will say: "You are just settling with the burglar. He holds a gun to your head and you settle. You may say you were not robbed, but he has got the money just the same." I admit that; but possibly there is something in the suggestion that a new spirit may be developed. I know considerable pres-

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sure will be required to induce the Government of Manitoba to bring in legislation that will give the creditor any chance at all. After promising in 1931 that there should be no more legislation interfering with mortgages, the Legislature of that province passed a second measure holding up mortgages. When I questioned the Attorney-General about it he said, "When you brought to an end the Farmers' Creditors Arrangement Act, the pressure was so great that we had to do it." I think the Bill before us gives the first ray of hope. It is the first step towards the removal of that provincial legislation.

I quite admit that the right honourable the leader of the opposition was correct in saying that the people of Canada will have to pay out about \$45,000,000.

Hon. Mr. DANDURAND: Over a term of twenty years.

Hon. Mr. HAIG: Nevertheless it is \$45,000,000, and you will have to pay 3 per cent interest on it for the whole twenty years.

Right Hon. Mr. MEIGHEN: Maybe. It may be six.

Hon. Mr. DANDURAND: It is a loan to the companies at 3 per cent.

Hon. Mr. HAIG: Oh, no. Here is what the Bill provides. Take a company which has \$14,000,000 in farm loans. After a valuation is made that amount is adjusted and reduced to \$10,000,000. Immediately that is done the Government will give the company an interest-bearing bond for \$2,000,000, payable at the rate of so much a year for twenty years, and during the whole of that period 3 per cent will be paid on the whole \$2,000,000.

Be that as it may, I still think there is some merit in the argument of the Deputy Minister, that a start is being made towards inducing provincial governments to say their debt legislation shall not apply. I admit that if, after all these mortgages are adjusted, the farmers have a bad crop, they will be coming to the legislatures to ask them to pass more debt legislation. When I asked the Minister of Finance about that, he smiled his well-known smile and said, "Well, there is the power of disallowance." I confess I am very doubtful about that power at any time. Nevertheless, I feel I must vote against the amendment.

Hon. J. A. CALDER: Honourable members, I should like to express again the view I expressed in committee this morning, namely, that this legislation has come to us too late in the session to permit us to give it the consideration to which it is entitled.

I think I am quite safe in saying that the proposal made in the Bill is one that will have very far-reaching consequences—consequences which many of us at the moment do not begin to understand. I should very much prefer not to vote at all, simply because I do not possess the information which I think is necessary to enable me to vote intelligently—and I think I can understand the practical effects of legislation of this character just about as well as anybody in this House.

Right Hon. Mr. MEIGHEN: Hear, hear.

Hon. Mr. CALDER: In passing, I should like to speak of the \$40,000,000 referred to by the honourable senator from Winnipeg South-Centre (Hon. Mr. Haig). That figure was described by the Deputy Minister this morning as “only a rough guess.”

Hon. Mr. HAIG: Yes. The Minister said the same thing.

Hon. Mr. CALDER: Exactly. We all know it can be nothing else. We know also that the extent to which this legislation will apply and the amount involved in it are purely matters of speculation. These are things about which we should have been able to get some information. Furthermore, the Farmers' Creditors Arrangement Act was in operation for some years and thousands of cases were dealt with, but we have had no substantial evidence as to the effect on the mortgage situation of the work done under that Act during the past two or three years. Every one of the companies was in a position to bring us exact figures as to the amount of the reductions made, but we have had no information along that line.

One of the Western members told me last night that in one city in Western Canada 2,000 urban mortgages will come within this law, and all of them are ready to be acted upon if the law goes through. This information was secured as the result of a search in the Land Titles Office.

I say this Chamber is not in a position to deal with this Bill on its merits, simply because we have not got the facts; and again I say it is unfortunate that legislation of this kind should reach us at this stage.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. CALDER: I do not like to vote against the Bill, but because this House lacks information to which it is entitled, and which it requires in order to be able to deal with the Bill on its merits, I do not want to vote for it. How long would it take to get this information? I should say that even if our Committee on Banking and Commerce had the Bill before it for a week it would not be able to make the necessary inquiry.

Hon. Mr. DANDURAND: The Bill was before the committee of the Commons for three days, and the evidence taken there was printed, and is now before us.

Hon. Mr. CALDER: But we do not deal with things in the same way as the Commons do. Measures of this kind undergo a fairly exhaustive study in this House.

I wish to refer to only one aspect of the statement of the leader of the Government. Let me speak first of the situation that developed in the West—a situation which was not in any way a consequence of anything done by the West, or by the farmers of the West. We suffered a calamity out there. Suppose that calamity had occurred in the two provinces of Ontario and Quebec, what would have been the attitude of the West towards it? The attitude of the West would have been exactly the same as was the attitude of the East towards the West.

Hon. Mr. DANDURAND: I have no doubt of that.

Hon. Mr. CALDER: There is no doubt of it at all. Every country everywhere deals with these natural calamities in the same way: sympathy goes out and help is rendered. What the people of the East have done, in sending thousands upon thousands of carloads of stuff to help the poor unfortunate people of the West, is simply amazing.

The honourable gentleman (Hon. Mr. Dandurand) referred to the help which had been given to the provinces. Because of unemployment, and because of services that had to be carried on, a situation arose in which it became necessary for the Federal Government to advance money to the provinces. There are in the three Prairie Provinces in the neighbourhood of 2,000,000 people. These people had to be maintained; they could not be allowed to starve. The argument of the honourable gentleman was that, having given assistance to the West, the people of Eastern Canada were now demanding a quid pro quo, and were saying, “We must be assisted in some way or other.”

Hon. Mr. DANDURAND: In the matter of mortgages.

Hon. Mr. CALDER: There is provision for that, in so far as agriculture is concerned, in the Bill. A person in Eastern Canada and a person in Western Canada, if they are in the same position, will be dealt with in exactly the same way. The same treatment will be given to an urban community in the East as to one in the West. Furthermore, the Farmers' Creditors Arrangement Act was applicable to all Canada. I need not go further along that line.

I am very strongly inclined to the view taken by the right honourable gentleman who sits to my left (Right Hon. Mr. Meighen), namely, that if this House or this Parliament will assist the rural communities, the people who are creating wealth, that is about as far as we should go at the present time. For that reason I intend to support the amendment.

Hon. DONALD SUTHERLAND: Honourable members, I have listened very carefully to the debate on the measure which is now before the Senate. It is a most significant and remarkable fact that a measure of such dubious merit as this one should be introduced at this stage of the session. We have been sitting here for something like five months, and now, when Parliament is expected to prorogue within a very short time, we are asked to take chances on this measure without the benefit of a well defined or confident expression of opinion by anyone as to what the outcome of it is going to be. We have experimented before this on many things which have not turned out as we expected. Earlier in this session we were dealing with our railway problem. Honourable members who were in Parliament years ago, when some of our large railway undertakings were being considered, will recall the glowing predictions that were made by persons sponsoring the undertakings. To-day our railway burden is so heavy that bankruptcy stares us in the face. Parliament may grant special privileges here, there and everywhere, but we may rest assured that in the final analysis it is the people who will have to pay the cost.

Now, at this late stage of the session we are asked to make another experiment, to see how it will turn out. The old gold-brick story is being repeated to us: if you do not seize the opportunity now, you may never have it again. But why should we run the risk of making an experiment of this kind? There is no question that our country is a great one, but we have passed legislation that has made it almost impossible for many people to earn a living in this country at the present time. That is not as it should be. Surely we have brains enough among our people to overcome the difficulties that face us. I for one am absolutely opposed to an experiment of this kind being entered into without proper consideration. In my view we have not given it proper consideration, and I am sure the people will agree with that view.

Credit is all right. Everybody is looking for credit. But somebody has to go out and earn money before bills can be paid. It is possible that our farmers are suffering more distress than is any other class in this

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country, but taxation in general is mounting by leaps and bounds. And here is a Bill to reduce interest on mortgages, or to adjust them in such a way that money may be borrowed more easily than it has been. I doubt very much if it would have that effect. In any event, this granting of special privileges and attempting to fix by legislation what ought to be done by honest competition out in the open, will not get this country out of its difficulties.

Right Hon. Mr. MEIGHEN: Hear, hear.

Hon. Mr. SUTHERLAND: I can assure honourable members that the people of this country will have something to say about what has been going on, not only during this session, but for years past. This is a democratic country, and Parliament must be held responsible for what is done. Many of our members, expecting Parliament would have prorogued before this, have gone home. Why should about thirty members have to decide upon this important piece of legislation? And why was it withheld until this late hour of the session? That in itself is enough to cause grave suspicion in the minds of the people.

I am absolutely opposed to much of the legislation which has been passed during recent sessions. And I feel the same way towards this Bill, which seeks special privileges for certain classes. I believe that if economic conditions were as we should like them to be, the condition of these classes would be adjusted in the usual and regular way.

The amendment of Right Hon. Mr. Meighen was agreed to on the following division:

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Hon. Mr. BUCHANAN: I was paired with the honourable senator from Victoria (Hon. Mr. Barnard). Had I not been paired, I should have voted against the amendment.

APPROPRIATION BILL NO. 3

THIRD READING

Hon. RAOUL DANDURAND moved the third reading of Bill 146, an Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1940.

Right Hon. Mr. MEIGHEN: Might I ask if this is the last Bill dealing with supply? I earnestly hope so. I hope it is not lèse majesté on the part of a senator even to mention anything about a money bill. For fear it is, I sit down.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. DANDURAND: I find my right honourable friend has a great respect for the authority of representatives of the people called the Commons.

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

ADJOURNMENT—BANKING AND COMMERCE COMMITTEE

Hon. Mr. DANDURAND: Honourable members, in obedience to the will of the Senate, I suggest that the Committee on Banking and Commerce meet immediately after we suspend our sitting.

I move that the Senate adjourn to resume at the call of the Chair.

The Senate adjourned during pleasure.

The sitting of the Senate was resumed.

CENTRAL MORTGAGE BANK BILL

REPORT OF COMMITTEE

Hon. CHARLES E. TANNER: Honourable members, the Standing Committee on Banking and Commerce, to whom was again referred Bill 132, an Act to incorporate the Central Mortgage Bank, have in obedience to the order of reference of the third of June, 1939, further examined the said Bill, and now beg leave to report the same without any further amendment.

THIRD READING

The Hon. the SPEAKER: The question, honourable members, is now on the third reading of the Bill. Is it your pleasure to adopt the motion for the third reading?

Right Hon. ARTHUR MEIGHEN: Honourable members, as all present will recall, this House by a majority vote directed that the Bill, as submitted for third reading just

a few moments ago, be referred back to the Standing Committee on Banking and Commerce, with instructions to amend it in such a way as to achieve a definite, specified result. The Banking and Commerce Committee, on which, unfortunately, there was little more than a quorum, decided to defy this House; and, I am sorry to say, the leader of the House concurred in such defiance, evidently taking the ground that the House does not control its own proceedings and that they may be controlled by a committee. Consequently the committee ignored the instructions given to it, and, despite the vote of four members in respect of each specific amendment, reported the Bill unamended.

That leaves me only one option. I cannot come to the exercise of that option without expressing regret that the leader of the House, or indeed any other member of the committee, should have chosen to defy the will of the Senate of Canada. The committee is a creature of the Senate, and whatever may have been the opinions of individual members, its manifest duty was to carry out the instructions of this House.

Some Hon. SENATORS: Hear, hear.

Right Hon. Mr. MEIGHEN: I am therefore in such a position that I must move—

Hon. Mr. DANDURAND: I am not quite sure that my right honourable friend has a right to move. The right honourable gentleman has exhausted his right to move any amendment.

Right Hon. Mr. MEIGHEN: I moved an amendment, which was carried. The Bill is now before us for third reading. I am not confined to one amendment. I move:

That the Bill be not now read a third time, but be amended as follows:

By deleting—

(a) Page 5: lines 29 to 37, inclusive.

(b) Page 6: lines 37 to 51, inclusive.

(c) Page 7: the words "and non-farm homes in Canada" as they appear in lines 2 and 3; the word "provided" in line 11; all of lines 12 to 17, inclusive, and the words "and non-farm homes in Canada" in line 20.

(d) Page 11: the words "or non-farm homes in Canada" in lines 21 and 22; the words "and non-farm homes in Canada" in line 28; the words "provided, however, that a" in line 34, and all of lines 35 to 39, inclusive.

(e) Page 13: all of lines 35 to 50, inclusive.

(f) Page 14: all of lines 1 to 12, inclusive.

(g) Page 16: all of lines 25 to 27, inclusive.

I shall hand in the amendment which I have just moved, the effect of which is to do precisely what the Senate has already decided ought to be done, and no more.

Hon. E. MICHENER: Honourable senators, the leader on this side of the House has moved an amendment which really constitutes the original amendment, leaving out all the parts of the Bill referring to non-farmers.

As I see it, the situation in Western Canada is this. The people in the towns and cities are in many cases much more in need of relief than the farmers. The merchants and others have carried the farmers during the bad years, and as a consequence many who did so are "broke." They have mortgages on their homes, and, in my judgment, are more in need of help through the adjustment of mortgages than are the farmers in those districts. In every section where farm lands have been badly hit, the towns and cities have been worse hit. Irrespective of whether this legislation is economically sound or not, I would rather vote against the whole Bill than against part of it. If we are going to make the Bill applicable to the farmer in the country, let us be fair and make it applicable also to the townspeople, who have borne the burden and heat of the day in helping the farmer along. Generally speaking, the farmer is in a better position than the man in the town, for the farmer can usually make a living, whereas the merchant is down and out.

For these reasons, while I am sorry to find myself opposed to my leader, I shall vote against the amendment.

Right Hon. Mr. MEIGHEN: I should have added to the amendment:

That the necessary consequential amendments in numerations and alterations, whether in the clauses or not, be made.

The Hon. the CHAIRMAN: Is the amendment to be prepared in writing?

Right Hon. Mr. MEIGHEN: If the House will wait for me, I can finish it in a moment.

With permission of the House I will read the amendment again. I fear His Honour the Speaker could not easily follow my writing. I move:

That the said bill be not now read a third time, but that it be amended as follows:

By deleting—

(a) Page 5: lines 29 to 37, inclusive;

(b) Page 6—

Some Hon. SENATORS: Dispense.

Right Hon. Mr. MEIGHEN: I will read the last part:

and by making consequential amendments in numerations and alterations, whether at the beginning of a clause or within it.

Hon. Mr. DANDURAND: Honourable senators, my right honourable friend (Right Hon. Mr. Meighen) has expressed surprise that the

Right Hon. Mr. MEIGHEN.

Standing Committee on Banking and Commerce failed to abide by the Senate's instructions to make further amendments to the Bill which was reported from the committee this afternoon. I did not closely read my right honourable friend's amendment which was the basis of those instructions, but I felt we should perhaps go back to the committee and give him a chance to recant. His view had been decidedly rejected by the committee this morning, and I was in hopes that if the committee reaffirmed itself in favour of the whole Bill, he would not insist upon mutilating it by the deletion of a large part. The committee did so reaffirm itself, and now my right honourable friend has come back—it is his privilege to do so—and asked the Senate to vote for something which has been rejected by the committee twice. With all due respect for the small majority which carried my right honourable friend's first amendment, I do not intend to abandon my position, and I challenge the amendment he has now moved.

The amendment of Right Hon. Mr. Meighen was agreed to on the following division:

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Hon. Mr. COPP: Honourable senators, I was paired with the honourable senator from Westmorland (Hon. Mr. Black), who left for home this afternoon. Had I voted, I should have voted against the amendment.

The Hon. the SPEAKER: The question, honourable members, is now on the third reading of the Bill as amended. Is it your pleasure, honourable senators, to pass the motion for third reading of the Bill as amended?

Some Hon. SENATORS: Carried.

Right Hon. Mr. MEIGHEN: On division.

Hon. Mr. DANDURAND: I am not moving the third reading of the Bill as amended.

The Hon. the SPEAKER: What is the motion, then?

An Hon. SENATOR: There is none.

Right Hon. Mr. MEIGHEN: Honourable senators, I take the position that there need be no motion for the third reading of the Bill as amended. A motion has been made for the third reading. Then if an amendment is moved and carried, the question before the House, without any further motion, is for third reading of the Bill as amended.

The Hon. the SPEAKER: The usual procedure is as outlined by the right honourable gentleman (Right Hon. Mr. Meighen).

The question, honourable senators, is on the third reading of the Bill as amended. Is it your pleasure, honourable members, to adopt the motion for third reading of the Bill as amended? Those in favour will please say "Content."

Some Hon. SENATORS: Content.

The Hon. the SPEAKER: Those opposed will please say "non-content."

Some Hon. SENATORS: Non-content.

Hon. Mr. DANDURAND: To end the discussion here, we may as well send the Bill back to the Commons and get their view upon it.

Right Hon. Mr. MEIGHEN: I thought so.

Hon. Mr. TANNER: Nobody wants it now.

Hon. Mr. DANDURAND: Carried.

The Hon. the SPEAKER: I declare the motion for third reading of the Bill, as amended, carried.

Right Hon. Mr. MEIGHEN: On division.

The Bill as amended was read the third time, and passed.

At six o'clock the Senate took recess.

The Senate resumed at 9 p.m.

CENTRAL MORTGAGE BANK BILL

MESSAGE FROM COMMONS

The Hon. the SPEAKER: Honourable members of the Senate, 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 agrees to their amendments, Nos. 7, 10, 11, 12, 13, 14 and 16 to Bill No. 132, "An Act to incorporate the Central Mortgage Bank," and disagrees to amendments Nos. 2, 3, 4, 5, 6, 8, 9, 15, 17, 18, 19 and 20 for the following reasons:—

1. Because the amendments would make it impossible to accomplish several of the fundamental objectives of the Bill as passed by this House.

2. Because these amendments would deprive tens of thousands of owners of non-farm homes in all provinces of Canada of the privilege of having their mortgages adjusted in accordance with the provisions of the Bill, and particularly of having the interest rate on such mortgages reduced to a rate not in excess of five and one-half per cent.

3. Because these amendments would result in only a relatively small saving to the Dominion Treasury and the cost which the Treasury would still have to bear would be out of all proportion to the benefits obtained by the nation.

4. Because with these amendments the Bill would not accomplish a major objective of the Bill which relates to the permanent improvement of mortgage lending practices in this country. Companies eligible to become member companies of the proposed Central Mortgage Bank now confine most of their lending activities to mortgages on non-farm homes. Consequently, the provisions of the Bill designed to make available long-term funds at low interest rates to be lent in accordance with the principles in subsection 3 of section 22 of the Bill would have little practical effect:

and disagrees with amendment No. 1 for the following reasons:

1. Because this amendment would deprive farmers who entered into agreements for sale during the year 1938 at a time when grain prices were high, and following a year in which there had been a good harvest, of the privilege of having their agreements for sale adjusted in accordance with the provisions of the Bill.

2. Because in many cases the original cash payments made by such farmers were very small and with the decline in prices and poorer crops in the year 1938 such farmers now have little or no equity in their farms.

Hon. RAOUL DANDURAND: Honourable senators, the reasons given by the House of Commons for its refusal to accept certain amendments we made to this Bill are weighty ones, and those reasons, I may say, are endorsed unanimously by that House.

The Bill is comprehensive and is intended to lower interest rates not only to farmer but also to urban borrowers, and in the circumstances I would suggest that it be accepted. It is stated in this message that

These amendments would deprive tens of thousands of owners of non-farm homes in all provinces of Canada of the privilege of having their mortgages adjusted in accordance with the provisions of the Bill, and particularly of having the interest rate on such mortgages reduced to a rate not in excess of five and one-half per cent.

Some honourable members may be under the impression that a large proportion of mortgage loans are carried at a rate equal to 5½ per cent or lower. That may be, but tens of thousands of borrowers in urban centres would like to have the advantage of a lower rate than they are paying. I know persons who are paying 7 per cent mortgage interest on property situated in the very heart of Montreal. We who desire that money should circulate more freely should at least appre-

ciate the fact that this Bill will break the shackles which hamper the farming community in various provinces in getting mortgage loans at a fair rate of interest, for no doubt provincial governments will feel the necessity of extending to their people the advantages which will flow from this Bill.

Other reasons are:

Because these amendments would result in only a relatively small saving to the Dominion Treasury and the cost which the Treasury would still have to bear would be out of all proportion to the benefits obtained by the nation.

Because with these amendments the Bill would not accomplish a major objective of the Bill which relates to the permanent improvement of mortgage lending practices in this country. Companies eligible to become member companies of the proposed Central Mortgage Bank now confine most of their lending activities to mortgages on non-farm homes. Consequently, the provisions of the Bill designed to make available long-term funds at low interest rates to be lent in accordance with the principles in subsection 3 of section 22 of the Bill would have little practical effect.

So I would pray that my right honourable friend will consider this situation, will take the Bill as a whole, working, as it does, for a lowering of interest throughout the entire land, and will let the Finance Department and the officials of the Bank of Canada try to cure the sore which eats into the body politic, and to give full play to an easier movement of funds throughout the country.

I should be most happy if my right honourable friend would agree to second my motion that the Senate do not insist on its amendments.

Right Hon. ARTHUR MEIGHEN: Honourable members, I have already spoken at length on two successive days on this measure, and a very few sentences will now suffice.

The House of Commons has been pleased to accept a series of amendments which go no further than the correction of obvious errors in the Bill, but has brusquely declined to accede to any that affect the substance of the measure in any way at all. The reasons given have this advantage: they disclose pretty clearly what is behind the measure. These reasons go on to tell us the great benefits of the Bill will not accrue unless we help mortgage companies and help people in towns and cities who owe inconvenient sums of money. The Bill will not attain its end, I know; and I have a pretty shrewd idea what the end is. The greater the number of people who can see the trough held out through the medium of this measure, the better for the Government.

The explanation goes on to say we shall not get much advantage from the rest of this Bill. In other words, the sections which go

Hon. Mr. DANDURAND.

towards assisting farmers who are overburdened with indebtedness, and also mortgage companies who have lent too much to farmers, will not benefit us much if we do not take hold also of what is a major objective, as set out in clause 4. It will be somewhat of a surprise to honourable members to find that the major objective has to do with the cities. This clause does, of course, give voice to the idea, now repeated by the leader of the House, that because the Government are taking hold of this it is a great movement to reduce interest. Well, I express the opinion that the Government can no more reduce the general level of interest, and fix that level, than it can reduce the price of bread, or of cheese, or of wheat, or of coal, from a natural level to an artificial one. The price of coal depends on demand for and supply of coal; interest rates depend on demand for and supply of money; and all this talk by the Government of taking hold and getting interest down is both deceit of themselves and deceit of the nation. They can get it down by lending the money themselves at the expense of the rest of the country.

Hon. Mr. DANDURAND: The companies will do it.

Right Hon. Mr. MEIGHEN: Only if it pays them; and if it pays them they will do it anyway. This measure makes their action pay better, because you are paying half.

I am not at all impressed, either, by the fact that this measure was carried by a huge majority in the other House. That is merely evidence that if you present sumptuary legislation which holds out the bait to all and sundry—if the arms are spread out and everybody is going to get something—it is almost impossible for a representative of the people to oppose it. Go on fixing interest! All you do is fix it at the expense of the country. Go on fixing this, that and the other thing! You are just every day taking kangaroo leaps into National Socialism and all it involves; and we are not nearly so far away from National Socialism as sometimes we think we are. We are moving steadily and inexorably towards the goal, and I ask the people of Canada to listen, if the Government will not—

Hon. Mr. DANDURAND: My right honourable friend might say the House of Commons, which represents the people, will not listen.

Right Hon. Mr. MEIGHEN: I am ready to let my honourable friend amend my remarks to that extent. As I said a little while ago, the Government have to be depended upon to hold strong rein to maintain the

essential, vital integrity of the nation. Those in responsible positions, entrusted by the people with that responsibility, are running away from their tasks and posts when they say: "The people's representatives have decided. How can we do anything else?" Manhood suffrage carries with it responsibilities for those who are in office.

Now, I am asked what is my attitude towards these amendments. That question involves serious consideration on the part of one in my position. Here we are, right at the end of the session. There is a mere corporal's guard across the floor, and a slightly larger group here. We on this side were able to muster only fourteen votes on the motion this afternoon; we carried it against eleven. For myself, I do not feel like putting the views of fourteen men against those of the entire House of Commons and eleven members of this House. I do not think I should be justified in doing so, even if honourable members around me felt they would like to resist the present demand of the House of Commons. Consequently, while I will not second the motion, as requested by the leader of the Government, neither will I vote against it. But that is the reason, and that alone.

This is an election measure. Newspapers and others are waiting for a voice to say whether or not there will be an election this year. I think I take no risk in becoming the announcer. There will be an election this year. The present measure is a sell-out of this country's integrity for a mess of ballots.

Hon. Mr. LITTLE: It is pretty equally shared.

Hon. Mr. DANDURAND: I have often reproached new-comers to this Chamber, who have had long experience in the other House, with failure to discard some of the passions which pertain to that place. I am afraid that my right honourable friend opposite (Right Hon. Mr. Meighen), who formerly led that other House and for many years took a very prominent part there, has not shaken off the habit of looking for a political or electoral aspect in legislation that is sent over to us for consideration. I never was a member of the other Chamber, and so I confess that when I came here, forty years ago, I had not to rid myself of its spirit. I believe that when this Bill is examined carefully its merits will be found away above electoral considerations and will appeal to the best judgment of the country.

I move that the Senate do not insist upon its first, second, third, fourth, fifth, sixth, eighth, ninth, fifteenth, seventeenth, eighteenth, nineteenth and twentieth amendments,

to which the House of Commons have disagreed.

The motion was agreed to.

ABSENCE OF SENATORS NEAR END OF SESSION

On the motion to adjourn during pleasure:

Right Hon. Mr. MEIGHEN: I should like to take advantage of this opportunity to make a suggestion to the honourable leader of the House (Hon. Mr. Dandurand) and all other honourable members. This year, as usual, important measures have come to us in the last and hurried days of the session. I do not feel like joining in the universal chorus against that practice, because I know that regardless of how well a Government directs its programme it is inevitable that one or more important bills should remain for consideration at our final sittings. But I do not think it is very creditable to this House that but a smattering of honourable members are present when serious work remains to be done. I have done everything I could, within reason and with courtesy, to request honourable members on our side to stay until the end, but with only meagre success. I fancy the honourable leader of the House (Hon. Mr. Dandurand) has done much the same with respect to honourable members on his side. I suggest that in order to cure this situation we should restore the rule which affects very importantly the indemnity of senators if they are not present during the last two or three weeks of a session.

Hon. Mr. LITTLE: Hear, hear.

Hon. Mr. SHARPE: The last fifteen days.

Hon. Mr. DANDURAND: If Providence allows me to return to this Chamber next year I shall join with my right honourable friend in seeing what we can do to maintain the attendance of a fair percentage of our members during the last two weeks of the session, when sometimes very important measures are before us.

Hon. Mr. SHARPE: Why not make the motion for restoration of the rule now? You may not be able to get it passed by a full House.

Hon. Mr. DANDURAND: Notice would have to be given.

The Senate adjourned during pleasure.

The sitting was resumed.

PROROGATION OF PARLIAMENT

The Hon. the SPEAKER informed the Senate that he had received a communication from the Assistant Secretary to the Governor General acquainting him that the Right Honourable Sir Lyman P. Duff, G.C.M.G., acting as Deputy Governor General, would proceed to the Senate Chamber at ten o'clock for the purpose of proroguing the session of Parliament.

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 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 to incorporate The Association of Canadian Clubs.

An Act to incorporate Universal Eucozone Limited.

An Act for the relief of Leslie William Bond.

An Act for the relief of Helen Kerr Hogg Molson.

An Act for the relief of Adele Adfeldt Gruneau.

An Act for the relief of Jeanne Beaugard Desnoyers.

An Act for the relief of Blanche Anna Bousquet Pepin.

An Act for the relief of Agnes Keating Bigelow Reddy.

An Act for the relief of Ethel Rothpan Staroselsky.

An Act for the relief of Myrtle Jane Ramsay Fox.

An Act for the relief of Joseph Maurice Durieux.

An Act for the relief of Dorothy Gertrude Mary Huggins Yaun.

An Act for the relief of Lola Margaret Miller Atkinson.

An Act for the relief of Zeno Bruck.

An Act for the relief of Esther Steinberg Soloway.

An Act for the relief of Sarah Sherry Miller.

An Act to amend An Act to incorporate The Royal College of Physicians and Surgeons of Canada.

An Act for the relief of Roberta Copeland Cool Roberts.

An Act for the relief of Margaret Maud Turner Bell.

An Act for the relief of Janni Kalmanowitz Rittner.

An Act for the relief of Ambrose Tibbitts Aston.

An Act for the relief of Anne Ver Trees Hart Acena, O.

An Act for the relief of Dorothy Boretzky Pozomick.

An Act for the relief of Elsie Victoria Oliver.

An Act for the relief of Doris Mabel Casselman.

Hon. Mr. DANDURAND.

An Act for the relief of Kathleen Emma Gladys Smart Higginbotham.

An Act for the relief of Rose Edith Winer Bazar.

An Act for the relief of Audrey Elizabeth Logan Williams.

An Act for the relief of Winnifred May Rutledge Nilsson.

An Act for the relief of Ernest James Feasey.

An Act for the relief of Ethel Jean Peters.

An Act for the relief of Eva Clara Doe Durrell.

An Act for the relief of Harold Morris.

An Act for the relief of Philippe Emile Collette.

An Act for the relief of Muriel Suckling Brown.

An Act to establish a Defence Purchasing Board to control the awarding of contracts for the manufacture of defence equipment and the construction of defence projects, to limit costs and control profits in respect of such contracts, and to authorize the raising by way of loans of certain sums of money for such purposes.

An Act to incorporate Prescott and Ogdensburg Bridge Company.

An Act to Assist Agriculture in the Prairie Provinces.

An Act to amend the Customs Tariff.

An Act to amend The Excise Act, 1934.

An Act to amend the Special War Revenue Act.

An Act for the relief of Zdenka Pauline Otilie Josefina von Ehrenfeld-Pop Drummond, otherwise known as Yvonne Drummond.

An Act for the relief of Lucy Violet Siggins Hopson.

An Act to amend The Canadian National-Canadian Pacific Act, 1933.

An Act to amend The Fisheries Act, 1932.

An Act respecting Stockyards, Live Stock and Live Stock Products and Poultry Production.

An Act to amend The Canada Grain Act.

An Act respecting Official Secrets.

An Act to authorize the raising, by way of loan, of certain sums of money for the public service.

An Act respecting Gold Clause Obligations.

An Act to amend The Canadian Wheat Board Act, 1935.

An Act to amend the Income War Tax Act.

An Act to authorize the provision of moneys to meet certain capital expenditures made and capital indebtedness incurred by the Canadian National Railways System during the calendar year 1939, and to authorize the guarantee by His Majesty of certain securities to be issued by the Canadian National Railway Company.

An Act respecting Central Finance Corporation and to change its name to Household Finance Corporation of Canada.

An Act to provide for the constitution of a Salt Fish Board.

An Act to incorporate the Central Mortgage Bank.

An Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1940.

SPEECH FROM THE THRONE

After which the Right Honourable the Deputy Governor General was pleased to close the Fourth 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 to a close a session in which, for the first time, the King has been present in person in the Parliament of Canada, I desire to express the gratification of my Government at the universal and heartfelt rejoicing of a united people who are being honoured by the visit of their Sovereign.

I wish, at the same time, to thank you for the attention you have given to the many problems which Canada, like other countries, faces in these critical times.

It was a source of satisfaction to my Government that His Majesty was able to give the Royal Assent in person to the Bill respecting the Canada-United States trade agreement. This agreement and the other measures which have been enacted to meet exceptional conditions in the basic industries, and to improve marketing facilities, will be of direct advantage to the primary producers in all parts of the Dominion, and will be reflected in increased trade and employment.

Provision has been made for the establishment of a Central Mortgage Bank with the object of easing the burden of debt upon farmers and home-owners.

I am gratified that, by the extension of the youth training programme, provision has been made to apply the strength and enthusiasm of youth to the conservation and development of our great forest resources.

The insecurity of the world to-day has made necessary increased provision for national defence.

It is my hope that the desire for peace, which lies so close to the hearts of the peoples of all countries, will yet serve to avert international strife, and to restore among nations co-operation, understanding, and good will.

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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